

GAMBLING, VULNERABILITY AND FCA COMPLIANCE

How financial services firms can
achieve the best outcomes for
vulnerable customers who gamble.

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ABOUT THE MAGPIE PROGRAMME

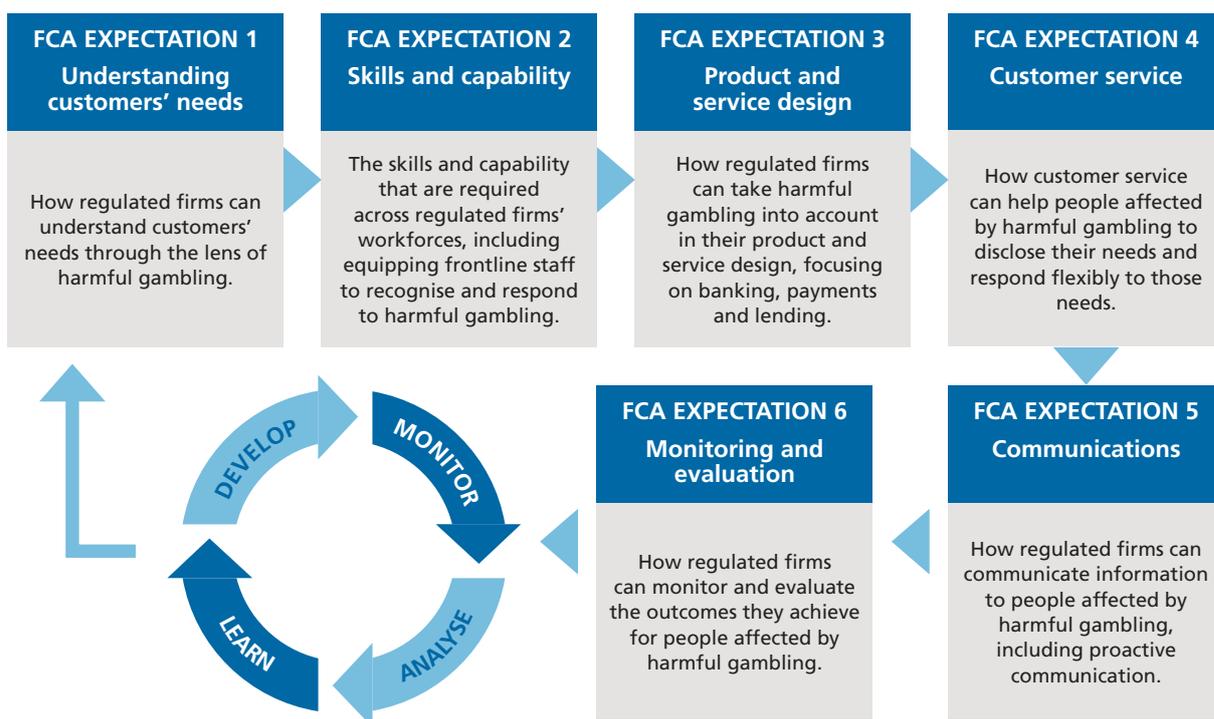
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Executive summary

This guide

New Financial Conduct Authority (FCA) guidance sets out its view of what regulated firms should do to comply with their regulatory obligations regarding the fair treatment of vulnerable customers. A vulnerable customer is someone who, due to their personal circumstances, is especially susceptible to harm, particularly when a firm is not acting with appropriate levels of care.

This guide explores how the FCA's six expectations can be applied to harmful gambling. It offers practical examples of how regulated firms are already identifying and supporting customers who are at risk of gambling-related harm and what more could be done.



Why this is important

Up to 1.2 million adults in Britain are classified as 'problem gamblers'. Harmful gambling is not limited to 'problem gamblers', however, so the real number of people at risk of harm is much higher and includes 3.1 million adults who are affected by someone else's gambling.

One bank in our research identified that 2.8% of its customers (around 140,000 people) showed some signs of harmful gambling, of which 1% (around 50,000) were a serious cause for concern. Some regulated firms will have target markets and customer bases that have a higher risk of gambling-related vulnerability.

Regulated financial services firms are well-placed to address the financial harms linked to gambling-related vulnerability. For example, they can help prevent over-indebtedness and support customers who experience problem debt. Doing this may have knock-on benefits for other dimensions of gambling harm, such as people's mental health.

The evidence base for this guide

This guide is based on data from around 50 hours of interviews and discussion groups that were undertaken between September 2020 and April 2021, made up of:

- In-depth interviews with 20 people affected by harmful gambling.
- Group discussions and in-depth interviews with:
 - Representatives of financial services firms.
 - Debt advisers working in non-profit organisations.
 - Gambling treatment and support professionals.

FCA expectation 1: Understanding customers' needs

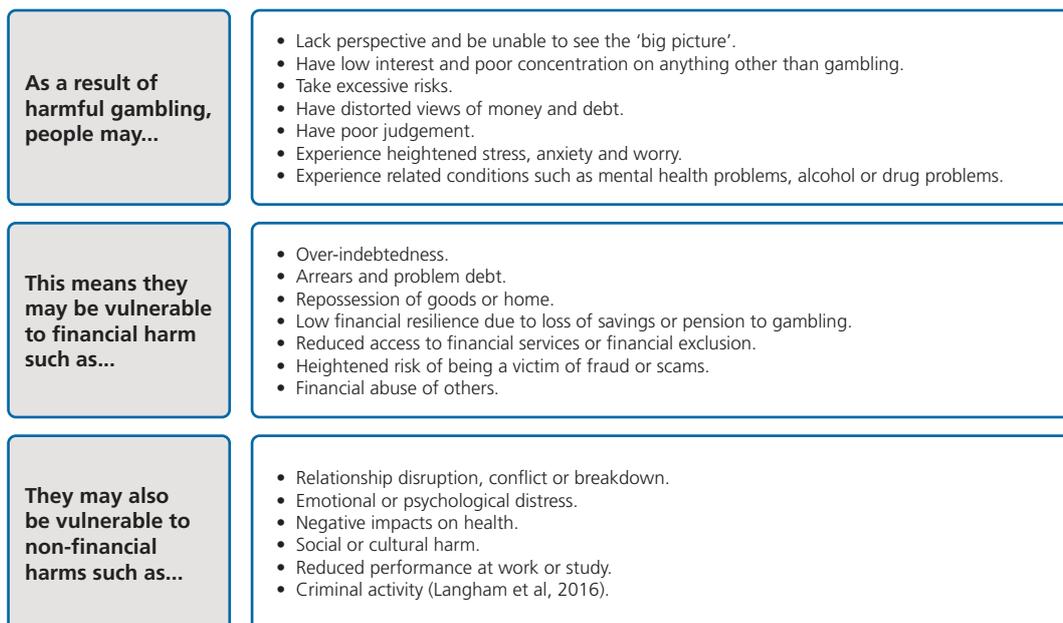
The FCA expects the firms it regulates to:

1. Understand the nature and scale of characteristics of vulnerability that exist in their target market and customer base.
2. Understand the impact of vulnerability on the needs of consumers in their target market and customer base, by asking themselves what types of harm or disadvantage their customers may be vulnerable to, and how this might affect the consumer experience and outcomes.

What gambling-related harms are people vulnerable to?

Figure 1 illustrates how gambling-related vulnerability can affect people's engagement with financial services, adversely impact decision-making and lead to poor outcomes (for the person who gambles and those around them). Regulated financial services firms are well-placed to tackle the financial harms linked to gambling-related vulnerability. Doing this may have knock-on benefits for other dimensions of harm, such as people's mental health.

Figure 1 Gambling-related vulnerability: The impact on consumers and resultant harms



FCA expectation 1: Understanding customers' needs (continued)

How can regulated firms assess the likely scale of harmful gambling in their target market?

Gambling prevalence data shows that some groups of people are more likely to be at risk of 'problem gambling' including:

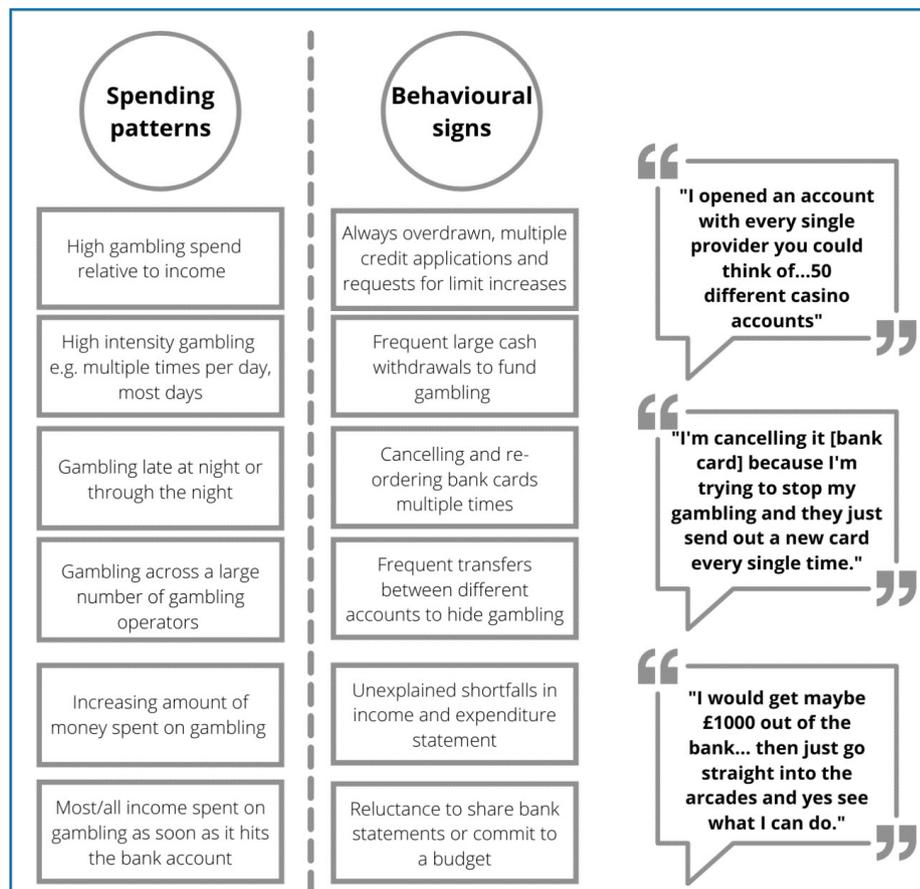
- Men
- Young people aged 18-34
- People from a lower socio-economic background
- People from minority ethnic backgrounds.

These at-risk groups are over-represented in some sectors – notably high-cost credit, motor finance, overdrafts and credit cards that are not paid off in full each month. Lenders in these sectors may want to take these data into account when thinking about the fair treatment of customers who are vulnerable to gambling harm.

How can regulated firms assess the likely scale of harmful gambling in their customer base?

The proactive analysis of customer transaction data is key to regulated firms knowing their vulnerable customers, including understanding the extent and nature of gambling-related vulnerability. It can also help regulated firms – especially those with a target market that may be particularly vulnerable to harmful gambling – to take action to prevent harm occurring. Figure 2 gives examples of flags of gambling-related vulnerability that regulated firms could use in their analysis. It is unlikely that any single criteria or flag will be sufficient to identify potential gambling-related vulnerability; rather it will be a combination of these.

Figure 2 Example flags of gambling-related vulnerability



FCA expectation 2: Building skills and capability

The FCA expects the firms it regulates to:

1. Embed the fair treatment of vulnerable consumers across the workforce.
2. Ensure frontline staff have the skills and capability to recognise and respond to a range of characteristics of vulnerability.
3. Offer practical and emotional support to frontline staff dealing with vulnerable consumers.

Embedding the fair treatment of consumers who are vulnerable to harmful gambling

Gambling-related vulnerability was not a standard feature in the work that regulated firms in our research were doing to embed the fair treatment of vulnerable customers in their organisations. This suggests there is scope for regulated firms to do more, particularly where their target audiences and customer bases are at higher risk of harmful gambling.

Actions that regulated firms can take to improve the skills and capability of their workforces include informal information-sharing sessions among colleagues about gambling issues they encounter; engaging people with lived experience of harmful gambling; organising training with gambling treatment and support organisations; and attending external events on gambling issues.

The skills and capabilities needed to recognise and respond to gambling-related vulnerability

A key challenge for regulated firms is when and how to talk to customers and clients about harmful gambling. This includes preparing frontline staff for 'bad paths' where conversations might be difficult or do not go well. Below are some practical examples of what regulated firms are doing to build skills and capabilities around customer interactions. Figure 3 on the following page goes on to set out eight ideas for conversation starters with people at risk of gambling-related harm and six qualities for a good customer interaction. These apply equally to verbal and written interactions (including webchat or online advice).

Practical examples of building skills and capabilities around customer interactions



Having a script for loan declines: A credit union has developed a script for loan officers to initiate conversations with members in situations where loans are declined because they are not affordable due to gambling. The loans team has carefully considered the language in the script, framing the loan decline as an opportunity for the credit union to support the member.



Asking about 'past, present and future': Where customers in financial difficulty get in contact, a bank's Financial Support Team are trained to ascertain the situation and ask customers about the 'past, present and future'. They find this approach helps create space for a discussion with the customer, for example around gambling transactions on their account and the possible consequences of gambling-related debt, such as adverse impacts on their credit file.



Building trust: A credit card provider has upskilled its customer service advisers to deal with a variety of calls where a customer would be classed as vulnerable, for example:

- Opening the call by setting the tone – positive, engaging and understanding.
- Listening to build trust and noting things that may be relevant later in the call.
- Earning the right to question – achieved through earning the customer's trust. A common phrase used is "putting the account to one side for a moment, how are you? How is this impacting you?"

FCA expectation 2: Building skills and capability (continued)

Figure 3 Conversation starters and qualities of a good interaction

<p>Refer to the big picture</p> <p>I know you weren't expecting to be looking at this today, but I wondered how you feel the betting you mentioned fits in with all of this?</p>	<p>Normalise the situation</p> <p>We see other customers in a similar situation with their gambling and money being short, and we've been able to help them. It will take me 60 seconds to explain how – is that okay?</p>	<i>Empathic</i>
<p>Show you've been observing</p> <p>Are the bank transactions for the online slots and bingo something we can just quickly look at together?</p>	<p>Show you've been listening</p> <p>You mention taking on extra shifts at work and being short of money still – what spending haven't we covered so far?</p>	<i>Respectful</i>
<p>Show that you want to help</p> <p>We can help on the money side of things, as there are options – can I tell you about one of the things we can do?</p>	<p>Refer to resources</p> <p>I'm not sure if you've seen our leaflet on all the different customers we've helped, but it shows the situations they were in and how we helped. Can I tell you more?</p>	<i>Non-judgemental</i>
<p>Suggest a connection</p> <p>What connections do you see between your financial difficulties and playing the lottery?</p>	<p>Simply be direct</p> <p>Can I ask you a question – is everything okay at the moment? If not, is there something that we can help you with?</p>	<i>Convey optimism</i>
		<i>Encourage positive change</i>
		<i>Give people options</i>



FCA expectation 3: Designing products to avoid potential harmful impacts

The FCA expects the firms it regulates to:

1. Consider the potential positive and negative impacts of a product or service on vulnerable consumers. Design products and services to avoid potential harmful impacts.
2. Take vulnerable consumers into account at all stages of the product and service design process, including idea generation, development, testing, launch and review, to ensure products and services meet their needs.

BANKING AND PAYMENTS:

Customers of ten large UK regulated firms now have the option to activate a gambling block which means they will not be able to use their debit card with gambling operators while the block is activated. Most card blockers have a cooling-off period between the time the block is deactivated and when the cardholder can start gambling again – up to 72 hours in some cases.

What else could regulated firms do?

Debit card gambling blocks: Debit card providers can introduce the option for customers to activate a gambling block (ideally with a cooling-off period), if they have not already.

Credit card blocks: Although gambling on a credit card is banned in Britain¹, there is still arguably a case for credit card gambling blocks because the ban:

- Does not apply to consumers in Northern Ireland.
- Does not apply to gambling businesses regulated outside Britain. This means that people may still be able to use a credit card on overseas gambling sites unless their lender offers a gambling block which they have activated.

Other spending controls and money management tools: Regulated firms could make other spending controls and money management tools available as standard so that customers can:

- Set limits on cash withdrawals.
- Set a daily spending limit on a debit card.
- Block gambling transactions via e-wallets.
- Set a daily limit on faster payments.
- Ringfence money for priority bills and payments.
- Receive money management support from a third party (such as a family member) without having to use risky workarounds such as sharing account security details.

¹ This includes gambling on credit cards via an e-wallet or other money service business.

FCA expectation 3: Designing products to avoid potential harmful impacts (continued)

LENDING

For people harmed by gambling in our research, lending products had invariably exacerbated their gambling-related vulnerability. Gambling also seems to feature in a growing number of Financial Ombudsman Service (FOS) complaints, including complaints about affordability (Box 1).

Box 1 FOS decisions which feature the keyword 'gambling'

A search of FOS decisions in 'banking, credit and mortgages' using the keyword 'gambling' shows:

- **50** decisions for the period 01/04/14 to 01/04/15, with **12%** of complaints upheld by FOS.
- **197** decisions in the period 01/04/16 to 01/04/2017, with **58%** of complaints upheld.
- **399** decisions in the period 01/04/20 to 01/04/21, with **56%** of complaints upheld.

While these complaints feature a wide range of gambling issues, they include upheld decisions where the customer's gambling meant the credit extended to them was considered unaffordable².

Using data to inform lending policies and practice

- One bank analysed its customer complaints where gambling was mentioned. Around 40% were from customers who thought the bank should not have lent to them because of their gambling.
- Some lenders used FOS decision data featuring gambling to inform their policies and practice.
- Lenders could also analyse their data to better understand the impact of gambling on credit delinquency rates. Higher delinquency rates among customers who gamble may suggest that changes are needed to lending policies and affordability assessments.

Developing lending criteria for cases where gambling is identified as an issue

Most lenders in our research had developed criteria for making lending decisions where gambling was identified as an issue.

One approach used by lenders is a '**hard cut-off**' where credit applications are automatically declined if gambling spend exceeds a certain threshold. A lender's own data analytics can inform the precise metrics they use, for example testing which is the better indicator out of gross gambling spend (ignoring money won from gambling) or net gambling spend (where winnings are taken into account).

Some lenders also **flag credit applications for further review** where gambling spend is below their 'hard' threshold but still concerning. Other possible actions for lenders include:

- **Monitoring credit performance** over the lifecycle of a credit product, for example to examine any correlation between gambling spend and credit repayment.
- For **returning borrowers**, considering whether their gambling spend has changed relative to their overall financial situation since their last application.
- For **revolving credit products**, restricting automatic credit increases where gambling is identified as a potential vulnerability.

² Examples of recent upheld decisions in respect of lending affordability where there was evidence of gambling include:

<https://www.financial-ombudsman.org.uk/files/300204/DRN3100666.pdf>;

<https://www.financial-ombudsman.org.uk/files/298635/DRN8720382.pdf>;

<https://www.financial-ombudsman.org.uk/files/300315/DRN-2635905.pdf>

FCA expectation 3: Designing products to avoid potential harmful impacts (continued)

JOINT ACCOUNTS

An estimated 30 million adults in the UK have a joint account. While they can be a useful money management tool, joint accounts (and joint household bills) can be a source of harm for partners of people with a gambling disorder, as our examples from lived experience illustrate.

Debt advisers cannot advise on joint debts without the consent of both parties, which can also leave affected others in a difficult situation.

Examples from lived experience

Mia discovered that her partner had gambled over £30,000 from their joint savings. When she contacted her bank, they said they were unable to help. She and her partner have now closed their joint savings account, but Mia remains worried and scared about the future; and is upset with herself for not checking the savings account more often.

Debbie does not have a joint bank account with her husband because of his gambling disorder. They do however have a joint mortgage, and Debbie is worried that he may have extended the mortgage or taken on other debt to fund his gambling. It seems she hasn't looked into this for fear of what she might find.

Hannah's previous partner had mental health problems that affected his ability to work and were linked to shopping sprees and escalating gambling. Their Council Tax and utility bills were in joint names and when they got behind with payments due to her partner's gambling disorder, Hannah negotiated repayments for all of them and paid them back herself after the relationship ended:



"I'd say it probably has taken a good part of two years to clear it off, to be honest."

A safer joint account using Open Banking payment initiation could mean that:

- Money would stay in the user's own current account until a joint payment was initiated.
- Payments could be split differently depending on partner preferences.
- Crucially, better traceability around who makes decisions about the money in the account makes it easier to prevent abuse (<https://betterjointaccounts.com/>).

While the technology exists to build this product, it is not yet available. In the meantime, other ways that regulated firms could offer more protection for joint account holders include making card-based gambling blocks the default on new joint accounts; and enabling joint account customers to set up transaction alerts so that each party is notified of any activity on the account. These protections may help ensure that joint money is not spent on gambling by one account holder without the other account holder's knowledge³. They may also be a useful tool to support someone who is trying to cut back or abstain from gambling.

³ Less positively, this type of alert feature could also be used to perpetrate financial or economic abuse.



FCA expectation 4: Responsive customer service

The FCA expects the firms it regulates to:

1. Set up systems and processes in a way that will support and enable vulnerable consumers to disclose their needs. Firms should be able to spot signs of vulnerability.
2. Deliver appropriate customer service that responds flexibly to the needs of vulnerable consumers.
3. Make consumers aware of support available to them, including relevant options for third party representation and specialist support services.
4. Put in place systems and processes that support the delivery of good customer service, including systems to note and retrieve information about a customer's needs.

Customer disclosure of gambling-related vulnerability

Harmful gambling can be triggered by traumatic events in childhood or as an adult; it may be linked to mental health problems; and is often hidden. People experiencing gambling-related harms are also a risk group for the experience of suicidal thoughts, attempts and deaths by suicide.

For someone to open up to a regulated firm about their harmful gambling may mean overcoming strong feelings of shame, embarrassment and worry about the consequences. It may take them time to feel able to talk about it or even signal that something is wrong. If they do, the response from regulated firms will be an important factor in determining whether they experience a good or bad outcome. For debt advisers and staff working in collections and recoveries, if clients do not disclose harmful gambling there is a risk that any actions to address their debt will not be effective.

One bank in our research analysed its customer complaints where gambling was mentioned. The second largest category of complaints – 30% – comprised customers who complained the bank did not help them when they disclosed their harmful gambling. The largest category of complaints was from customers who thought the bank should not have lent to them because of their gambling.

Regulated firms can actively create a good disclosure environment by making it simple for customers to tell them about a support need but also have supportive messages across all communications. Our examples of missed opportunities (below) suggest that regulated firms have more to do to meet the FCA expectation that they proactively offer support to customers in vulnerable situations.



FCA expectation 4: Responsive customer service (continued)

Missed opportunity	What could the regulated firm have done?
Frank's bank signposted him to a debt management charity to sort out his unauthorised overdraft debt but did not offer any information about gambling support even though he told them his debt was gambling-related.	Made sure that all customer-facing staff use the TEXAS model to manage disclosure and offer appropriate support such as signposting to external help as part of a positive disclosure environment.
Alex had a conversation with his credit card provider (pre-ban) about a significant gambling win paid onto his credit card because it took him over his credit limit. The provider did not ask anything about the multiple gambling transactions on his credit card statements.	Made sure that all customer-facing staff have the skills and capabilities to start a conversation around gambling and know what makes a good interaction and offer appropriate support, such as signposting to spending controls, money management tools or external help.

Making vulnerable consumers aware of available support

The FCA expects regulated firms to make consumers in vulnerable situations aware of the support available to them – both from their own firm and externally.

Several regulated firms in our research have dedicated pages on their websites with information for customers in vulnerable situations, including gambling-related vulnerability.

- GAIN Credit has produced different vulnerable customer personas which are available on the Money Worries Hub section of its website. They include a persona focused on gambling-related vulnerability. The personas are designed to show customers that they are not alone in experiencing problems with gambling; provide information about what the lender can do to help; and signpost to gambling self-help resources and services. GAIN Credit also hopes the information will encourage customers to disclose vulnerabilities including harmful gambling.
- A credit union in the North West of England has a Wellbeing section on its website that it can direct members to for information and help on budgeting and money management. The Wellbeing webpages include information on gambling treatment and support services.

Table 1 gives some examples of the types of external support that might be relevant for people experiencing gambling-related harm. It is not an exhaustive list and regulated firms may have their own partnerships with debt advice providers and gambling treatment and support services.

Table 1 Examples of support available for people experiencing gambling-related harm

Help with gambling issues	Help to understand harmful gambling
<p>The National Gambling Treatment Service is a network of organisations working together to provide confidential treatment and support for anyone experiencing gambling-related harms. It is free to access across England, Scotland and Wales and comprises:</p> <ul style="list-style-type: none"> • The National Gambling Helpline operated by GamCare which also works with partners to deliver one-to-one and group support at locations around Britain. • Gordon Moody Association gambling therapy, residential treatment and outreach support for adults with gambling addictions. • NHS National Problem Gambling Clinic treatment and support for adults (16+) with gambling addiction in England and Wales. • NHS Northern Gambling Service treatment and support for adults with gambling addiction across the North of England. <p>Other help includes Gamblers Anonymous a free self-help group whose 12-step programme involves stopping gambling with the help of regular face-to-face and online support groups.</p>	<p>begambleaware.org provides free, confidential information and advice to anyone worried about gambling – their own or someone else’s.</p> <p>There are also a growing number of resources produced by and with people who have experienced harmful gambling that aim to raise awareness and offer support and advice. These resources may also be helpful for affected others and staff in regulated firms. Below are examples of podcasts and online resources.</p> <p>Podcasts:</p> <p>After Gambling aims to increase awareness and understanding of gambling disorder. All Bets Are Off is a gambling addiction recovery podcast as is The Invisible Addiction.</p> <p>Online resources:</p> <p>Don’t Bet Your Life On It is a player-led online safer gambling initiative.</p> <p>Humans of Scotland is an initiative of the Health and Social Care Alliance Scotland sharing video stories of people facing difficult life situations, including living with gambling disorder.</p>
Help with money issues	Help for families and affected others
<p>The Money Advice Service has a guide to tackling problem gambling and debt as well as providing free and impartial money advice over the phone and online; an online debt advice locator; online guides, tools and calculators.</p> <p>Citizens Advice provides free confidential advice online, over the phone, and in person.</p> <p>National Debtline provides free debt advice by phone, email and webchat and has a library of factsheets on a wide range of debt issues.</p> <p>Turn2Us provides information and support to help people get on track financially, including a benefits calculator.</p> <p>Experian and Equifax have information for people concerned about gambling on using a notice of correction (NOC) to let lenders know they do not want to be lent to. Lenders will see this NOC and should take it into account. People need to add a notice of correction at each credit reference agency (there are three main ones).</p>	<p>The National Gambling Helpline and GamCare support families and affected others via phone, webchat and one-to-one, as well as an online forum for friends and family. These services include advice on addiction awareness, how to provide support where appropriate and protecting their finances.</p> <p>Gam-Anon is a free self-help group and the sister organisation to Gamblers Anonymous. Its 12-step programme is for those affected by someone else’s gambling with the help of regular face-to-face and online support groups.</p> <p>GamFam helps families recognise the early warning signs of harmful gambling and how to prevent addiction. It provides information, advice and support, including 12 things that people can do if they have a disordered gambler in the family.</p> <p>Gamily provides online support for the families of gambling addicts.</p>

FCA expectation 5: Communicating effectively

The FCA expects the firms it regulates to:

1. Ensure all communications and information about products and services are understandable for consumers in their target market and customer base.
2. Consider how they communicate with vulnerable consumers, taking into consideration their needs.
3. Where possible they should offer multiple channels so vulnerable consumers have a choice.

Ensuring all communications and information about products and services are understandable

Around 16% of adults in England – over seven million people – have very poor literacy skills. This means that simple, clear communications from financial services firms and others are imperative.

The potential impacts of gambling-related vulnerability further reinforce the need for clear, jargon-free communications. These include:

- Low interest and poor concentration on anything other than gambling.
- Distorted views of money and debt.
- Heightened stress, anxiety and worry which may impair people's comprehension and communication skills.

Mental health problems, which may co-occur with harmful gambling, can also impact people's ability to process information and make decisions. This means they may find it difficult to weigh up the advantages or disadvantages of a product or service; remember what they have been told about a product or service; or understand agreements or terms and conditions.

Proactive communication: providing information about gambling spend

Open Banking data and secure messaging has provided South Manchester Credit Union with an opportunity to help its members understand their spending on gambling. When members apply for a loan, the credit union analyses up to three months of Open Banking data to assess affordability. In cases where the Open Banking data shows gambling transactions, the credit union shares its analysis of account-based gambling spend with members through secure messaging. Where members have provided feedback, it suggests they were previously unaware of their gambling spend.

Another option for regulated firms to consider is 'norming' communications around gambling spend, where a customer's account-based gambling spend is compared with average spend. The point of comparison could be regulated firms' own customer base or population statistics. The Living Costs and Food Survey shows that average UK weekly household expenditure on gambling payments (which includes households that spend nothing on gambling) was £2.40 in 2020.

Proactive communication: targeted customer communication

As part of its gambling strategy, a major bank has piloted a targeted mailout by letter and email to customers at risk of gambling-related financial harm. It identified this customer segment using data analytics based on a set of stringent criteria. The supportive tone of the communication is around 'helping you with your finances' and customers are offered tools and resources to reduce or stop gambling. While the communication does reference gambling transactions on the customer's account, it does not mention amounts spent or other details. The mailout has been rolled out gradually so the bank can monitor customer feedback. It also plans to monitor the impact this communication has on gambling spend.

FCA expectation 6: Monitoring and evaluation

The FCA expects regulated firms to monitor and evaluate whether vulnerable consumers have outcomes as good as other consumers and take steps where they fall short. It expects firms to:

1. Implement appropriate processes to evaluate where they have not met the needs of vulnerable consumers, so that they can make improvements.
2. Produce and regularly review management information, appropriate to the nature of their business on the outcomes they are delivering for vulnerable consumers.

Outcome measurement

Outcome measurement means assessing whether a regulated firm's action, policy or intervention resulted in a change (something happened) or no change (nothing happened). Table 2 gives some examples of outcome measures and indicators for gambling-related vulnerability.

Table 2 Examples of outcome measures for gambling-related vulnerability

FCA expectation	Example activities	Example outcomes	Example indicators
Understanding customers' needs	Data analysis to understand extent and nature of gambling-related vulnerability among customers.	Customers at risk of harmful gambling are identified using robust, firm-specific criteria.	Number of customers identified as at risk of harmful gambling; differences by product and channel.
Skills and capability	Training for frontline staff on identifying and responding to gambling-related vulnerability.	Customers are routinely asked about gambling where appropriate, in an objective way.	Number of interactions about gambling and proportion that are appropriate; customer satisfaction.
Product and service design	Develop lending criteria to reduce harm from gambling-related debt.	Customers at risk of harmful gambling do not pay for gambling using borrowed funds.	Number of customers at risk of harmful gambling who fall behind with debt payments.
Customer service	Enable digital disclosure of gambling-related vulnerability.	Customers receive an appropriate response to digital disclosure of harmful gambling.	Number of disclosures of gambling-related vulnerability; actions taken as a result.
Communications	Targeted information to customers at risk of harmful gambling.	Customers change their gambling in ways that reduce harm.	Number of targeted customers who reduce gambling spend compared to a control group who did not receive the information.

Monitoring and evaluation: What are regulated firms doing?

One bank in our qualitative research uses several processes to monitor and evaluate outcomes for vulnerable customers, including those experiencing harmful gambling:

- **Targeted call reviews:** where there has been a disclosure of vulnerability, call reviews look at the disclosure and previous interactions to see if there were missed opportunities or triggers.
- **Root cause analysis:** customer and staff feedback is reviewed to identify any issues that need to be addressed or systems and processes improved.
- **Complaints analysis:** analysis of customer complaints is used to inform lessons learned and identify areas for improvement.

Conclusion

At a conservative estimate, at least one in ten adults in Britain – five million people – experience harmful gambling, either because of their own gambling or someone else's.

Gambling-related vulnerability can present a unique set of challenges because of its complexity, the fact that the customer may not be fully in control of their decisions or actions, and the fact that it may not always be clear what a regulated financial services firm can do to ensure the fair treatment of customers in this situation.

Using real-life practical examples, this guide shows how regulated financial services firms can translate the FCA's expectations on vulnerability into practical action when it comes to identifying and supporting customers at risk of harmful gambling. It demonstrates that regulated financial services firms are well-placed to address the financial harms linked to gambling-related vulnerability. Doing this may have knock-on benefits for other dimensions of gambling harm, such as people's mental health.



1.

INTRODUCTION

This chapter provides the background to the guide and describes its purpose and the evidence on which it is based.

In February 2021, the Financial Conduct Authority (FCA) published its finalised guidance for regulated firms on the fair treatment of vulnerable customers. The FCA uses guidance to set out its view of what firms should do to comply with their regulatory obligations, in this case to ensure they treat vulnerable customers fairly. The guidance states that:

“A vulnerable customer is someone who, due to their personal circumstances, is especially susceptible to harm, particularly when a firm is not acting with appropriate levels of care.” (FCA, 2021a, page 3)

The FCA’s aim in publishing its guidance is to ensure that vulnerable consumers have an appropriate degree of protection; experience outcomes as good as those for other consumers; and receive consistently fair treatment across the firms and sectors it regulates. It sets out six expectations of firms in relation to vulnerability (Money Advice Trust, 2021):

1. **Understand customers’ needs.**
2. **Develop staff skills and capability** to recognise, respond, and support customers in vulnerable situations.
3. **Design products and services** that meet customer needs and avoid harm.
4. **Deliver customer service** that helps customers to disclose need, and which responds flexibly to these needs.
5. **Communicate** in an understandable way with customers and consider their communication needs.
6. **Evaluate, monitor, and act** where vulnerable customer needs are not met, or where outcomes for vulnerable consumers are not as good as those of other customers.

While the FCA’s vulnerability guidance does mention gambling, it does not consider gambling-related vulnerability in any detail. Our guide therefore explores how the FCA’s six expectations can be applied to harmful gambling. In doing this, our purpose is to:

- Convey the lived experience of gambling and how it can make people vulnerable to harm
- Consider what gambling-related vulnerability means for regulated firms, and
- Offer practical ideas about how regulated firms might identify and support customers who are at risk of gambling-related harm.

What is gambling? In the Gambling Act 2005 (which covers England, Wales and Scotland), gambling is defined as betting, gaming or participating in a lottery. It includes arcades, betting (online, at an event or in a high street bookmakers), bingo (online or in a bingo hall), casino (online or in a casino), lotteries (e.g. raffles, tombolas, sweepstakes); and gaming machines (e.g. fruit machines, fixed odds betting terminals etc). Gambling regulation is different in Northern Ireland, for example land-based casinos are not permitted. Gambling in gaming – for example in-game loot boxes that offer players a chance at a randomised reward when opened and can often be bought with real money and even traded – is not currently covered by gambling regulation.

WHAT IS THE EVIDENCE BASE FOR THIS GUIDE?

This guide is based on mixed-methods research and uses several sources of evidence that we collected between September 2020 and April 2021 (the Appendix contains further details):



An evidence review. We conducted a rapid review of published UK and international evidence to inform the research we conducted and to provide context for the guide. The review focused mainly on academic research.



In-depth interviews with people affected by harmful gambling. We conducted 20 interviews in total, 14 with people who had concerns about their own gambling and six with people affected by someone else's gambling. The interviews explored their views and experiences of gambling and harmful gambling; their interaction (if any) with financial services firms; and ideas about what financial services and others could do to reduce harmful gambling.



Qualitative research with regulated firms. We conducted six group discussions, four with financial services firms and two with debt advisers working in non-profit organisations. We also conducted 10 interviews, seven with financial services firms and three with debt advisers working in non-profit organisations. These discussion groups and interviews explored their experiences of dealing with people affected by harmful gambling; what tools and resources might help them support people in this situation; and ideas for a practical guide about harmful gambling.



Quantitative data insights provided by regulated firms. Some regulated firms in the research shared anonymised quantitative data insights with us, for example from their analysis of customer transaction data.

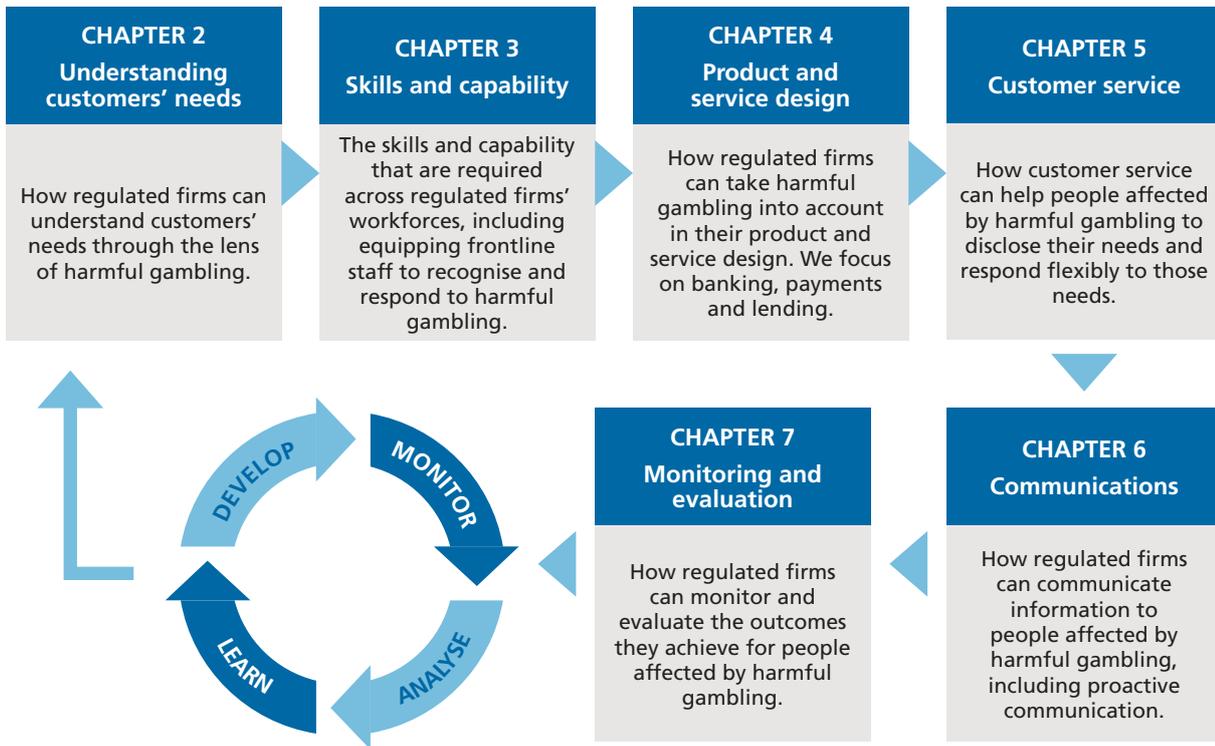


Qualitative research with gambling treatment and support professionals. We conducted a discussion group and an in-depth interview with gambling treatment and support professionals to learn from their experience of working with people affected by harmful gambling, including having conversations around gambling and common misconceptions about gambling and harmful gambling.

In the guide, we use our interviews with people who have experienced harmful gambling to generate insights for regulated firms on the complex nature of gambling-related vulnerability and how they might identify and respond to it to deliver good customer outcomes. To do this, we use anonymised case studies that are based on interviewees' direct experience and anonymised verbatim quotes from individual interviewees. We use pseudonyms throughout the guide.

We use the qualitative data from regulated firms to explore the issues that they can face in identifying and responding to gambling-related vulnerability; and to share practical examples of what regulated firms are doing to identify and support customers at risk of harmful gambling. Some regulated firms who provided practical examples were happy to be named in the guide; others preferred to remain anonymous.

STRUCTURE OF THE GUIDE



Gambling in Britain: An overview



In 2020, 42% of adults in Britain (around 22 million people) said they had gambled in the last four weeks. This was down from 47% in 2019.



In 2020, 24% of adults in Britain (around 12 million people) said they had gambled **online** in the last four weeks. This is a million more than in 2019.



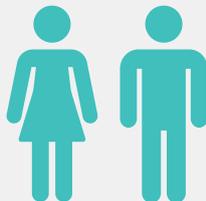
17% 16-24 year olds
Gambled online in 2019,
up from 12% in 2018.



28% 34-44 year olds
Gambled online in 2019,
up from 22% in 2018.



Online gamblers have on average three online gambling accounts. Half use their mobile phone to gamble. The most popular activities are sports betting and casino games.



Men are more likely to gamble than women. There is an upward trend of both men and women gambling online.

Sources: Gambling Commission, 2021; 2020a.

2.

UNDERSTANDING CUSTOMERS' NEEDS

This chapter considers the gambling-related harms that can affect consumers and how regulated firms can assess the likely scale of harmful gambling in their target market and customer base.

UNDERSTANDING CUSTOMERS' NEEDS: THE FCA'S EXPECTATIONS

To treat vulnerable customers fairly, the FCA expects the firms it regulates to:

1. Understand the nature and scale of characteristics of vulnerability that exist in their target market and customer base.
2. Understand the impact of vulnerability on the needs of consumers in their target market and customer base, by asking themselves what types of harm or disadvantage their customers may be vulnerable to, and how this might affect the consumer experience and outcomes (FCA, 2021a).

In this chapter we consider:



What gambling-related harms are people vulnerable to? We look at how gambling-related vulnerability can affect people's engagement with financial services, adversely impact decision-making and cause financial harm (for the person who gambles and those around them).



How can regulated firms assess the likely scale of harmful gambling in their target market and customer base? We look at how regulated firms can understand the prevalence of gambling-related vulnerability in the wider population using publicly available data; and in their own customer base through proactive analysis of financial transaction and other data.

Key points

- At a conservative estimate, at least one in ten adults in Britain – five million people – experience harmful gambling, either because of their own gambling or someone else's.
- Regulated financial services firms are well-placed to address the financial harms linked to gambling-related vulnerability. For example, they can help prevent over-indebtedness and support customers who experience problem debt. Doing this may have knock-on benefits for other dimensions of gambling harm, such as people's mental health.
- We provide practical examples of how regulated firms' proactively use data analytics to understand gambling-related vulnerability among their customers. Firms gain valuable insights from their analysis, including disclosure differences by channel; and findings that challenge prior assumptions about the impact of gambling on consumer outcomes.
- Some regulated firms undertook considerable 'detective work' to identify gambling transactions from bank statements and maintained lists of the gambling operators they tracked down. There have been calls for government to mandate gambling operators to disclose their bank account details to a central registry to facilitate identification.

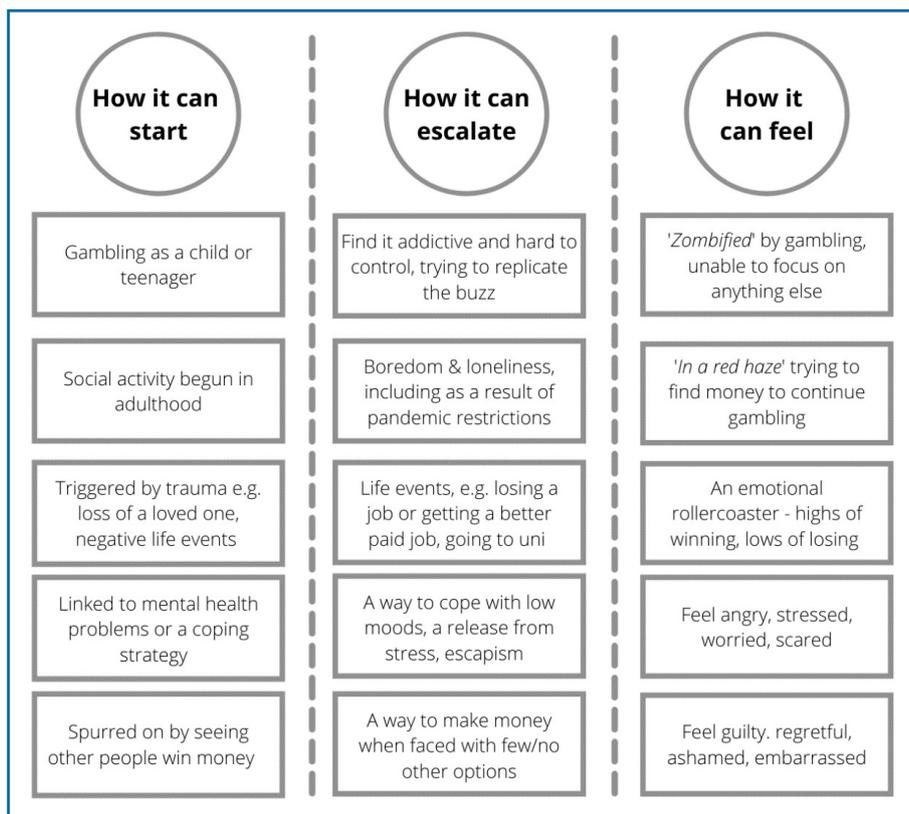
HOW MANY PEOPLE IN BRITAIN ARE VULNERABLE TO HARMFUL GAMBLING?

At least one in ten adults in Britain – five million people – experience harmful gambling, either because of their own gambling or someone else’s:

- **Between 0.4 million and 1.2 million adults in Britain** are categorised as ‘problem gamblers’² (Gunstone et al, 2021; Dinos et al, 2020). The figure for Northern Ireland is over 33,000 people (Department for Communities/Northern Ireland Statistics and Research Agency, 2017). Harmful gambling is not limited to ‘problem gamblers’, however.
- **An estimated 3.1 million adults in Britain** are affected by someone else’s gambling (called ‘affected others’) – typically a partner or close family member. They commonly experience negative impacts on their finances as well as their relationships and their emotions (depression, anxiety, anger) (Gunstone et al, 2021).

Figure 2.1 gives examples of the different pathways of harmful gambling relayed by our interviewees (either as people who gamble or affected others). Words and phrases shown in italics are verbatim descriptions used by interviewees.

Figure 2.1 Example pathways of harmful gambling



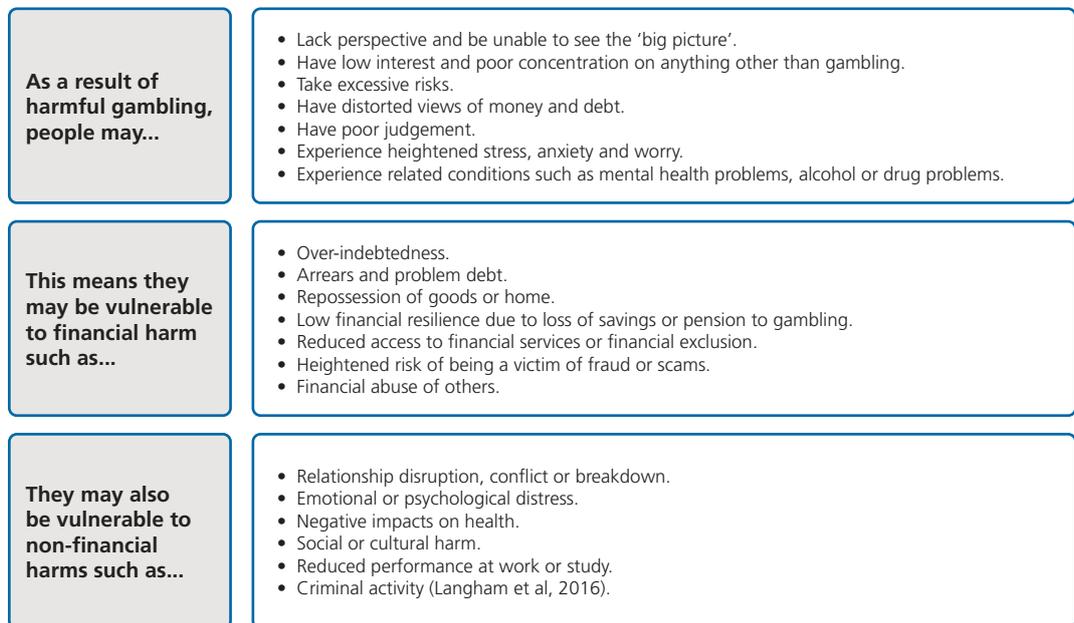
² The Gambling Commission defines ‘problem gambling’ as gambling to a degree that compromises, disrupts or damages family, personal or recreational pursuits.

WHAT GAMBLING-RELATED HARMS ARE PEOPLE VULNERABLE TO?

There are a wide range of harms related to gambling that can affect not only gamblers but those around them. Figure 2.2 illustrates how gambling-related vulnerability can affect people’s engagement with financial services, adversely impact decision-making and lead to poor outcomes (for the person who gambles and those around them).

Regulated financial services firms are well-placed to tackle the financial harms linked to gambling-related vulnerability. Doing this may have knock-on benefits for other dimensions of harm, such as people’s mental health. The case studies below illustrate the financial and other harms experienced by the people we interviewed and offer suggestions about the positive difference that regulated firms could make in these situations.

Figure 2.2 Gambling-related vulnerability: The impact on consumers and resultant harms



Although the consumer harms set out in Figure 2.2 are common to a whole range of vulnerabilities, gambling-related vulnerability can present a unique set of challenges because of its complexity, the fact that the customer may not be fully in control of their decisions or actions, and the fact that it may not always be clear what a regulated firm can do.



“I mean other vulnerabilities you can say look there’s a natural adjustment that we can make to help you with that vulnerability and there’s a natural reasonable thing that we can do to make your journey with us more comfortable and for there to be a more positive outcome. With gambling it’s not that simple.” Bank representative.

DEBBIE'S STORY³

Debbie's story illustrates the range of harms that can be experienced by gamblers and the people close to them. It also highlights how gambling can quickly escalate to causing harm.

How it started

Debbie is in her 50s, married with grown-up children. Her husband John only started gambling a few years ago, when a friend took him to a betting shop. John began gambling more heavily when he lost his job and now spends all the money he can find on gambling. When the betting shops closed during the pandemic, John began gambling online which is harder to hide from Debbie as she has been working from home.

"...it's a sort of desperation [for him], 'I need this money and this is the only way I can do it and if I don't do it today I may miss out' and so there's no stopping, so even if we have a social event to go to he's more concerned about placing a bet."

Financial harms

As the main income earner, all the pressure of managing the household finances falls on Debbie. They have separate bank accounts, and she gives John money every month, which funds his gambling. John has previously got into debt through gambling, maxing out his credit card. Debbie is worried that he has built up other debt as well, particularly as they have a joint mortgage.

"I'm terrified one day I'm going to find all sorts of debts which have been built up, all because of this."

Non-financial harms

Gambling causes lots of arguments between them and puts strain on their relationship. While she recognises that gambling is an addiction for John, Debbie does not understand his mindset or why he cannot stop. She feels frustrated and annoyed that John spends all his time, money and energy on gambling when he could be looking for work.

"I think for me the frustration is this is a very intelligent man, he could do so much more and I just feel it's just so wasted."

Debbie accepts that nothing is likely to change unless John recognises that his gambling is a problem, something she cannot see happening in the foreseeable future.

The difference regulated firms could make

Product and service design (Chapter 4). Make available card blockers to help customers like John manage their gambling spend; and tools to help family members like Debbie keep on top of their finances.

Customer service (Chapter 5). Make available information about harmful gambling and sources of specialist support, including for partners and family members who are affected by someone else's gambling.

³The names of our qualitative interviewees have been changed. All interviewees were offered information about advice and support services.

MATT'S STORY

Matt's story illustrates how harmful gambling can come about, the harms it can cause to the person who gambles and those around them – and how difficult it can be for someone to stop gambling when they feel addicted to it.

How it started

Matt is in his 30s, married with children. His gambling started when he was 18, playing fruit machines and slots in the pub with his friends. From betting small amounts – 25 pence for a £25 jackpot – Matt quickly progressed to higher-stake gambling in amusement arcades. When he went to university, he started online gambling as well, funded by student loans and part-time work, which in his words began *'a bit of mayhem'*.

Financial harms

It got to the point where Matt was constantly thinking about gambling and all his money went on gambling, to the detriment of rent and other household bills. When money ran out, he funded his gambling by stealing from his employers and taking out high-cost payday loans. He likened his compulsion to gamble to a sort of drunkenness, looking to get a buzz from gambling rather than necessarily financial gain:

"...all sort of inhibitions kind of go out the window... it's almost like a state of drunkness [sic] in a way, that you kind of forget about the there-and-now and the future in particular... I suppose you just think you can always win."

Non-financial harms

Although Matt thought about giving up gambling (particularly after heavy losses), things came to a head a few years ago when his partner saw a bank statement that showed the full extent of his gambling. This prompted Matt to do something about his gambling. After several attempts, he has abstained from gambling for over a year with practical and emotional support from his partner and Gamblers Anonymous. Even so, he feels he has not regained the full trust of his partner, who still keeps a check on his bank statements.

The difference regulated firms could make

Customer service (Chapter 5). Create a positive disclosure environment across all channels of business so people like Matt feel able to divulge their gambling as a cause of financial harm and obtain appropriate support.

Communications (Chapter 6). Use technology like Open Banking to 'play back' objective information to customers like Matt about their spending, including spending on gambling. This could include comparisons with some measure of 'average' spend.

HOW CAN REGULATED FIRMS ASSESS THE LIKELY SCALE OF HARMFUL GAMBLING IN THEIR TARGET MARKET?

There are publicly available data that can help regulated firms understand the potential for harmful gambling among their own target audiences. Gambling prevalence data shows that some groups of people are more likely to be at risk of harm from gambling⁴, including:

- Men
- Young people aged 18-34
- People from a lower socio-economic background
- People from minority ethnic backgrounds (Gunstone et al, 2021; Dinos et al, 2020).

Table 2.1 uses data from the Financial Lives Survey (FCA, 2021b) to show that groups at risk of harmful gambling are over-represented in some financial services sectors. For example, while 19% of adults are credit card revolvers (i.e. they do not pay off their credit card balance in full each month), this rises to 31% among 25-34 year olds - a group that is also at risk of experiencing gambling harm.

Table 2.1 Groups at risk of harmful gambling are over-represented in some financial services sectors (cell percentages)

	% all adults	Groups at risk of harmful gambling				
		Men	18-24s	25-34s	Live in deprived area	BAME
High-cost credit	10%	8%	12%	15%	21%	11%
Credit card revolvers	19%	20%	10%	31%	26%	18%
Overdrawn	25%	25%	26%	34%	29%	26%
Motor finance	10%	15%	10%	18%	No data	9%

Source: FCA, 2021b. Green=% same or lower than all adults; Amber=1-5 percentage points higher than all adults; Red=6 or more percentage points higher than all adults. We use living in a deprived area as a proxy for lower socio-economic background.

Lenders in these sectors may want to take these data into account when thinking about the skills and capabilities of their frontline staff (Chapter 3); product and service design (Chapter 4); customer service (Chapter 5); communications (Chapter 6); and monitoring and evaluating customer outcomes (Chapter 7).



“...I would surmise that our audience spend a larger percentage of their income on gambling than perhaps any other sector in financial services... bearing in mind these individuals are typically low wage, may have damaged credit histories already...” Non-bank lender.

⁴ Based on their Problem Gambling Severity Index score.

Debt advice clients are also more likely to come from a lower socio-economic background which might put them at higher risk of gambling-related vulnerability. StepChange's client data, for example, shows that one-third of its new clients in 2020 were receiving Universal Credit, which signifies they were on a low income (StepChange, 2021). The geographical patterning of 'problem gambling' may be relevant to regulated firms as well – with higher prevalence in the Midlands, Yorkshire and London and Northern Ireland (Dinos et al, 2020; Department for Communities/Northern Ireland Statistics and Research Agency, 2017).

HOW CAN REGULATED FIRMS ASSESS THE LIKELY SCALE OF HARMFUL GAMBLING IN THEIR CUSTOMER BASE?

The extent and nature of harmful gambling will vary between regulated firms depending on factors such as customer demographics and the range of products and services they offer. Compared to some other vulnerabilities (such as physical health problems), gambling-related vulnerability is often hidden because there may be no visible signs that someone is experiencing harmful gambling.



“My [gambling] addiction raged for years, literally years and years and years. Nobody had a clue.”

Gambling support worker with lived experience of harmful gambling.

As the examples in Box 2.1 show, the analysis of customer transaction data has the potential to give regulated firms valuable new insight into the extent and nature of gambling harm among their customers which they can use to deliver good customer outcomes. For example, regulated firms may want to closely monitor customers who show signs of gambling-related vulnerability given that individuals can rapidly move between different levels of gambling (Muggleton et al, 2021).

Box 2.1 Gaining insight from customer transaction data

Analysis of anonymous financial transaction data for millions of Lloyds Bank customers found that gambling is associated with higher financial distress but also other negative outcomes. While higher negative associations were found among the heaviest gamblers, even at lower levels of gambling more gambling was associated with more negative outcomes. Individuals were also seen to rapidly transition between different levels of gambling (Muggleton et al, 2021).

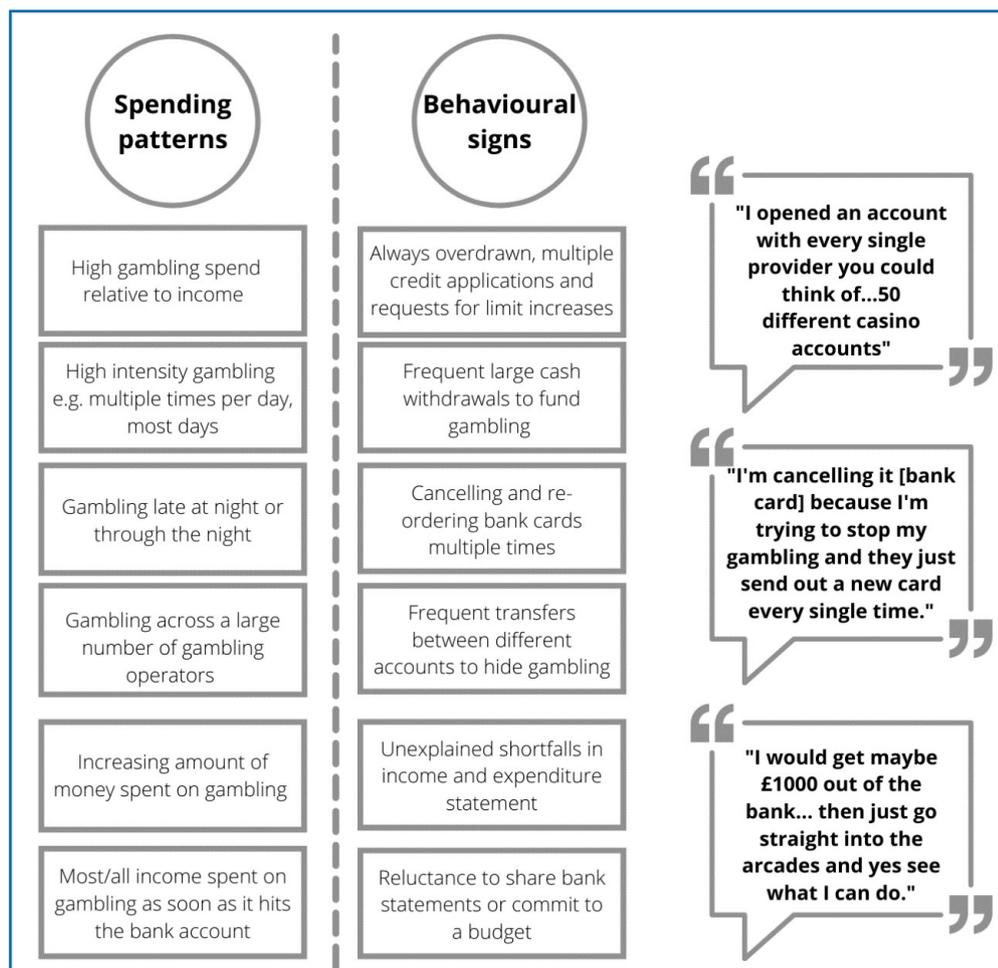
From its analysis of customer data, Monzo estimates that over 275,000 of its customers (around 7% of its customer base) use its gambling block and most of them keep it on (Monzo, 2021).

Regulated firms' ability to assess harmful gambling in their customer base will vary depending on the channels through which they operate (face-to-face, voice, digital, written) and the data available to them, which might include data they collect from customers over the customer journey; transaction data; Open Banking data⁵; and data from third parties such as credit reference agencies. Some regulated firms will have better visibility of a customer's financial life than others, for example, where a customer holds multiple products with their main bank account provider. Customer disclosure is another source of data, which we consider in Chapter 5.

⁵ Open Banking allows bank and building society customers to securely share their transaction data with third parties. Open Banking data gives a real-time picture of someone's income and outgoings, offering one way to assess gambling-related vulnerability by looking at patterns of gambling spend.

One way for firms to build up a picture of harmful gambling in their customer base is by looking at people's spending patterns and other behavioural signs. Figure 2.3 brings together examples of things that firms might use as flags of gambling-related vulnerability. It is unlikely that any single criteria or flag will be sufficient to identify potential gambling-related vulnerability; rather it will be a combination of these. And some indicators might equally indicate other vulnerabilities.

Figure 2.3 Example flags of gambling-related vulnerability



Source: qualitative interviews and discussion groups with regulated firms and people affected by harmful gambling.



UNDERSTANDING HARMFUL GAMBLING: PRACTICAL EXAMPLES OF WHAT REGULATED FIRMS ARE DOING

Our qualitative research with regulated firms highlights that there is no 'one size fits all' approach for firms to understand harmful gambling in their customer base. What is appropriate or possible for one regulated firm might not work for another, depending on factors such as customer demographics; the range of products and services they offer; the channels through which they operate (face-to-face, voice, digital, written); and the data available to them.

Here we provide some practical examples of the different approaches to understanding harmful gambling that regulated firms told us about.

EXAMPLE 1: HIGH-STREET BANK

One high-street bank was prompted to better understand its customers affected by gambling because it found a correlation between customers with signs of gambling-related vulnerability and those that ended up with collections and recoveries.



“... there is undoubtedly a correlation between customers that are experiencing gambling harm who then end up in our Collections Teams and so it's almost in our self-interest to help them early doors, rather than allow them to get into that kind of process, because once you're in there it's really hard to get out.” Bank representative.

The bank analysed customer transaction data using a combination of criteria, including the frequency and intensity of gambling and time of day gambling. This analysis identified 2.8% of customers (around 140,000) where there were some signs of harmful gambling, of which 1% of customers (around 50,000) were a serious cause for concern. The bank used this analysis to inform colleague training and develop its customer support for customers at risk of harmful gambling.

EXAMPLE 2: STEPCHANGE DEBT CHARITY

To better understand gambling-related vulnerability in its client base, StepChange examined six months of data on client disclosures of vulnerability, comparing disclosures made through its online debt advice function to disclosures made by telephone to helpline staff.

The most common disclosure related to mental health problems (around half of all disclosures). While gambling-related vulnerability made up a relatively small proportion of client disclosures, there was a notable difference between telephone disclosures related to gambling (0.43% of all disclosures through that channel) and disclosures made to its online debt advice service (2.82% of all disclosures through that channel). This suggests that the relative anonymity of online services may encourage disclosure of gambling-related vulnerability, which aligns with it being a problem that is often kept hidden.



UNDERSTANDING HARMFUL GAMBLING: PRACTICAL EXAMPLES OF WHAT REGULATED FIRMS ARE DOING (CONTINUED)

In addition to the case studies and examples we have produced from our discussions with regulated firms in interviews and discussion groups, GAIN Credit produced in its own words the following in-depth case study on its use of data analytics to understand customers at risk of harmful gambling.

LENDING STREAM: UNDERSTANDING OUR CUSTOMERS THROUGH DATA ANALYTICS

Lending Stream, a GAIN Credit brand, is an alternative to payday loans offering credit to people, including those underserved by mainstream institutions. Our short-term loans can be a stop gap to help when a customer might need a bit more to tide them over for a little while. People with gambling issues might find themselves in this situation more often than others. While gambling can be seen as a form of entertainment by some of our customers, it can create long-term affordability and debt issues. So, we wanted to do a deep dive investigation into our customers' relationship with gambling.

We already had checks in place to make sure we were lending responsibly. Unlike banks and credit cards, we didn't have transactional information to monitor our customers behaviour. However, we recently gained more access to information about spending habits at the point customers apply to us. Becoming an early adopter of Open Banking was a game-changer for us in terms of data. Open Banking gives us access to a customer's banking information, including their spending habits. It gave us insight into how customers were spending money before they had applied for a loan with us.

Looking at the data we had available on approved customers as well as those that had applied and been declined, we could see a large range in how much applicants who gambled spent on gambling. The top fifth percentile of applicants that were declined, spent more than £1,300 in a month. Looking at customers that we had approved, around 45% had at least one gambling or betting transaction in a month. This is in line with national statistics. As a firm we had thresholds in place to identify what we considered high levels of gambling, however we wanted to confirm whether these were enough to protect customers from the harm related to problem gambling.

We studied the relationship between how much customers spent on gambling, how they behaved and focused on how they repaid loans.

Our methods and analysis

We looked at how customers who had taken out several loans with us managed their repayments where there was evidence of gambling transactions. We looked at various metrics such as:

- how often customers gambled
- how much they spent each month on gambling
- how it compared to their disposable income
- whether gambling occurred at particular times in the month e.g. around payday.

We did this for both gross spend (total) and net spend (total minus any winnings). We looked at these metrics individually as well as in combinations and were able to track if there were any missed repayments; we call this 'the failure rate'. We also sampled individual case studies and monitored a three-month journey to understand if there was a relationship between failure rates and customers who increased their gambling spends month on month.

UNDERSTANDING HARMFUL GAMBLING: PRACTICAL EXAMPLES OF WHAT REGULATED FIRMS ARE DOING (CONTINUED)

Our findings

We were slightly surprised by the results. We expected that customers who gambled more would have more difficulty keeping up with regular repayments. But there was actually no clear pattern at all. On top of this the failure rates across all metrics were surprisingly close to customers who didn't gamble. In some cases, customers who spent more on gambling actually had lower failure rates than customers who didn't gamble at all.

The deep dive gave us a level of reassurance that we had strong affordability checks and thresholds in place. In many cases, we'd already identified customers that were likely to struggle to repay due to gambling. Because of affordability checks, including income and expense calculations, we'd already decided not to lend to them.

The analysis helped shape our treatment strategy for customers who may be struggling with gambling harm. Customers' circumstances can change over time and so we continue to monitor behaviour over time. As a firm committed to helping its customers in vulnerable circumstances, further data analytics is focused on helping us proactively identify and offer support to customers. We also have communication strategies in place to encourage customers who are struggling with gambling to talk to us, highlighting what they may expect and how we may be able to help.

Conclusion

There isn't a one size fits all approach to identifying issues within customer bases. What works for one firm might not work for others. Because of the nature of high-cost short-term credit, thresholds that are right for us might not be right for your customers. Firms need to look at their own customer base and the data they have available. They need to work to understand their customer base and target market. Once this has been achieved, firms can make strong decisions on their own thresholds and triggers for proactive treatment.



IDENTIFYING GAMBLING TRANSACTIONS

Our qualitative research shows that identifying gambling transactions from the data they have is not always straightforward for regulated firms.

Regulated firms that offer debit and credit cards⁶ can see if customers are using their card to gamble based on Merchant Category Codes (MCCs), which are four-digit numbers associated with every 'merchant' that takes card payments. The most common gambling-related MCC is '7995 - Betting (including Lottery Tickets, Casino Gaming Chips, Off-track Betting and Wagers at Race Tracks)'. There is a risk that unscrupulous gambling operators illegally use a non-gambling MCC for their transactions, known as transaction laundering.

The ability to identify gambling transactions made by debit card from bank statements (either paper-based or via Open Banking) depends on the information that banks and building societies provide about the payment, which can vary. Where little information is provided, regulated firms in our research talked about doing 'detective work' to check whether the payment related to gambling. One credit union maintained a list of gambling operators it identified in this way for loans officers to use.

There have been calls for government to mandate gambling firms to disclose their bank account details on a central registry. This would enable banks, building societies and other providers to extend their gambling blocks to bank transfers made to gambling companies as well as card payments (Monzo, 2021).

People experiencing harmful gambling may also go to great lengths to hide their gambling, for example funding their gambling from multiple different bank accounts. This can make it difficult for regulated firms to see potential harmful gambling. E-wallets (such as Skrill or Neteller) also pose a challenge. Where customers use their debit card to transfer funds to an e-wallet to gamble, these gambling transactions are not visible to the card provider; and on bank statements regulated firms would only see the payment to the e-wallet, not the transactions made from the e-wallet.

⁶ To help tackle the issue of gambling with borrowed money, the Gambling Commission introduced a sector-wide ban on the use of credit cards for gambling across Britain with effect from 14 April 2020. This includes gambling on credit cards via an e-wallet or other money service business (Gambling Commission, 2020b).

3.

SKILLS AND CAPABILITY

This chapter considers how regulated firms can embed the fair treatment of consumers vulnerable to harmful gambling across the workforce; and the skills and capability needed to recognise and respond to gambling-related vulnerability.

SKILLS AND CAPABILITY: THE FCA'S EXPECTATIONS

To treat vulnerable customers fairly, the FCA expects the firms it regulates to:

1. Embed the fair treatment of vulnerable consumers across the workforce.
2. Ensure frontline staff have the skills and capability to recognise and respond to a range of characteristics of vulnerability.
3. Offer practical and emotional support to frontline staff dealing with vulnerable consumers (FCA, 2021a).

In this chapter we relate these expectations to gambling-related vulnerability, focusing primarily on the first two:



How can regulated firms embed the fair treatment of consumers who are vulnerable to harmful gambling across the workforce? We look at examples of how regulated firms are developing strategies and resources and skilling up their workforces to better understand gambling-related vulnerability.



What skills and capability do frontline staff need to recognise and respond to gambling-related vulnerability? We consider how regulated firms might initiate conversations or interactions with people around gambling and harmful gambling.

Key points

- Gambling-related vulnerability is not yet a standard feature in regulated firms' work on vulnerability, either for people who gamble or those affected by someone else's gambling.
- Regulated firms need to prepare frontline staff for 'bad paths' where interactions around gambling might be especially difficult or do not go well, for example where staff have safeguarding concerns, or the person is a long-standing customer or client.
- In the debt advice sector, there is scope for gambling-related vulnerability to be incorporated into adviser training on addictions.



HOW CAN REGULATED FIRMS EMBED THE FAIR TREATMENT OF CONSUMERS WHO ARE VULNERABLE TO HARMFUL GAMBLING ACROSS THE WORKFORCE?

From the frontline to the boardroom, the FCA expects all relevant staff in regulated firms (including intermediaries) to understand how their role can affect vulnerable consumers (FCA, 2021a; Money Advice Trust, 2021). In relation to gambling-related vulnerability, this could mean that:



Board members and senior managers understand the risk of harmful gambling among their target audience and customer base and take this into account in their decision-making.



Customer-facing staff are equipped to identify and respond to customers at risk of harmful gambling, from onboarding to collections and recoveries.



Product design and marketing teams consider the experiences and outcomes of consumers at risk of harmful gambling when developing new propositions.



Data analysts work with vulnerability specialists to understand patterns of harmful gambling among their target audience and customer base.



Data protection officers ensure that customer disclosures of gambling-related vulnerability are dealt with appropriately.



Fraud and anti-money laundering teams are alert to signs of gambling-related vulnerability and able to flag with relevant colleagues.

This is not an exhaustive list. The relevant staff who should be aware how their role can affect vulnerable consumers (including those impacted by gambling-related vulnerability) will vary between regulated firms. The important thing is that regulated firms map this out for their own organisation.

Regulated firms in our research (see the Appendix for details) were at different stages in developing their approach to the fair treatment of vulnerable customers. Below we provide examples of what regulated firms are doing to embed skills and capability across their workforce, and the extent to which this includes gambling-related vulnerability. Their actions fall into two main categories: developing strategies and resources; and skilling up the workforce to better understand gambling-related vulnerability. The absence of vulnerability strategies or resources did not preclude regulated firms from taking steps to skill up their workforce.

EMBEDDING FAIR TREATMENT OF CUSTOMERS VULNERABLE TO HARMFUL GAMBLING: PRACTICAL EXAMPLES OF WHAT REGULATED FIRMS ARE DOING

Our qualitative research with regulated firms shows that their actions to embed the fair treatment of customers vulnerable to harmful gambling fall into two main categories: developing strategies and resources; and skilling up their workforce to better understand gambling-related vulnerability. We give practical examples of these actions below.

Examples of regulated firms developing strategies and resources to embed the fair treatment of vulnerable customers

It was common for the larger regulated firms in our research to have a manager or operations lead for vulnerability who was responsible for developing strategies and resources for vulnerable consumers. While firms were at different stages of implementation, actions included setting up specialist vulnerability teams that could provide additional support to vulnerable customers who needed it and rolling out vulnerability programmes to colleagues across the business.

Accepting that firms may be at an early stage with this work, gambling-related vulnerability tended not to be an explicit element of these strategies and resources. Where it was, it focused on customers who gambled rather than customers affected by someone else's gambling (although affected others might receive support from specialist financial abuse teams where these existed). There are an estimated 3.1 million adults in Britain (6% of the adult population; Gunstone et al, 2021) affected by someone else's gambling, with negative impacts on finances a common problem.

Examples of regulated firms skilling up their workforces around gambling-related vulnerability

The ways in which regulated firms in our research looked to improve the skills and capability of their staff included informal information-sharing sessions; engaging people with lived experience of harmful gambling; organising training with gambling treatment and support organisations; and attending external events and conferences on gambling issues. We provide examples below of actions by banks, lenders and debt advisers.

Example 1: Banks

To help develop their thinking around the fair treatment of vulnerable customers, one mid-sized bank requested feedback from colleagues across the business on their experience supporting customers who were experiencing difficulties with gambling. This highlighted that most cases of gambling-related vulnerability were seen in the bank's financial difficulties departments, indicating that customers were mainly disclosing harmful gambling when they were already starting to get into financial difficulties.

While they already had a well-developed vulnerability strategy, in 2019 the vulnerability team of a large bank decided to also develop a dedicated gambling strategy, motivated by external pressure on banks to do more to tackle gambling-related financial harm and seeing more evidence of gambling-related financial harm among customers. They organised a two-day workshop with people with lived experience and other experts in this field that was attended by colleagues from a number of business areas including the Vulnerability Team, Credit Risk, Specialist Support, Collections, Compliance and Innovations. They subsequently rolled out a number of initiatives as well as gambling awareness training across branch, contact centre and central team colleagues.

EMBEDDING FAIR TREATMENT OF CUSTOMERS VULNERABLE TO HARMFUL GAMBLING: PRACTICAL EXAMPLES OF WHAT REGULATED FIRMS ARE DOING (CONTINUED)

Example 2: Lenders

The Customer Care Team at a credit card provider arranged for the national gambling treatment and support charity GamCare to provide day-long training for its telephony and webchat agents to improve their soft skills when dealing with cases of gambling-related vulnerability. The training looked at people's gambling journeys; how to identify gambling as an issue and have a conversation about it; and referral routes to GamCare. This had improved agents' confidence in approaching gambling-related vulnerability among their customers⁷.

The North West Forum of Credit Unions (made up of 28 credit unions) has an annual conference that brings together people working for credit unions at all levels to discuss common issues, share best practice and attend seminars and lectures to improve their service to members. With gambling becoming an increasing concern for credit unions, the 2019 conference ran training on gambling, including how to respond to credit union members who showed signs of gambling-related vulnerability. Since then, Forum members have attended external events; hosted their own training event with the Gambling Harms North West Alliance (which is led by people with lived experience); and referred members experiencing harmful gambling to the Alliance for help and support.

Example 3: Debt advisers

To improve skills and capability around gambling-related vulnerability among its helpline advisers, StepChange Debt Charity worked with the NHS Northern Gambling Clinic (which delivers treatment and support for adults with gambling addiction across the North of England) to deliver training sessions for staff across the charity, including representatives from its training and policy teams.

In the research for this guide, we convened two discussion groups with members of the Institute of Money Advisers (IMA). In the groups, participants highlighted a perceived gap in debt advice training around gambling-related vulnerability. They felt that (to date) harmful gambling was rarely covered in the debt advice training they attended on addictions; and where it was covered, it tended to be rather superficial.



“I’ve been a problem gambler in the past, I’ve gone through the Gamblers Anonymous process, I’ve done all of that... and when I go to some of the courses I just have come out of the courses and thought there’s no real understanding of the person behind the gambling.”

Debt adviser with lived experience of harmful gambling.

Several debt advisers reported good experiences of bespoke training on gambling provided by specialist services such as Break Even (a GamCare counselling service) and the Citizens Advice Gambling Support Service. As part of the Wiser Adviser programme, the Money Advice Trust also offers e-learning for debt advisers on supporting clients with addictions, which includes gambling. More information about the training is available at www.wiseradviser.org/england-and-wales/training

⁷ In addition, the Money Advice Trust runs a training course for financial services firms on gambling and other addictions and has an e-learning package on addictions that includes gambling.

WHAT SKILLS AND CAPABILITY DO FRONTLINE STAFF NEED TO RECOGNISE AND RESPOND TO GAMBLING-RELATED VULNERABILITY?

A key challenge for regulated firms is when and how to talk to customers and clients about gambling-related vulnerability – whether face-to-face, by phone, via webchat or in written communications; directly with the regulated firm or with an intermediary such as a broker.

This section provides examples of how regulated firms might initiate conversations or interactions with customers around gambling-related vulnerability. These examples are based on our own qualitative research (see the Appendix for more details) as well as external evidence and resources. We cover customer and client disclosure of gambling-related vulnerability in Chapter 5.

The challenge of when and how to talk about gambling-related vulnerability includes preparing frontline staff for ‘bad paths’ where conversations might be particularly difficult or do not go well. Some examples of potential ‘bad paths’ raised by regulated firms included:

<p>Interactions where concerns were raised about gambling, but the customer or client does not acknowledge their gambling to be harmful.</p>	<p>“...it’s a difficult conversation and there can be limited solutions where the customer does not acknowledge there is a problem.” Bank representative.</p>
<p>Interactions with long-standing customers or clients where gambling is identified as potentially harmful.</p>	<p>“...how do you start a conversation with someone who is almost like your friend who comes in [to the branch] every week?” Bank representative.</p>
<p>Interactions where frontline staff are worried about safeguarding issues e.g. where Child Benefit is seen to be spent on gambling.</p>	<p>“...our staff are getting very good as well at identifying situations where the customer is in receipt of benefits that are not designed for their own personal use... that money is being taken out and we know that it’s not being used for the benefit of said children.” Bank representative.</p>
<p>Interactions around reducing access to credit because of concerns about harmful gambling.</p>	<p>“... you’ve got somebody potentially saying to you they need that other credit card to do their weekly shopping and that’s how they’re living, you know, it’s a real difficult decision but we do have to make that decision because we don’t want to be making that situation worse.” Lender representative.</p>

EIGHT CONVERSATION STARTERS AND SIX QUALITIES FOR A GOOD INTERACTION

Two tools that might help staff in regulated firms manage interactions around gambling-related vulnerability are, firstly, ideas to get the conversation started; and secondly, understanding what makes a good customer interaction.



“We’ve got a responsibility really to our loans team to give them some tools really and resources to have those conversations.”

Credit union representative.

Figure 3.1 sets out eight ideas for conversation starters with people at risk of gambling-related harm along with six qualities for a good customer or client interaction around gambling-related vulnerability. These conversational starters and qualities can apply equally to verbal and written interactions (including webchat).

Gambling treatment and support professionals stressed the importance of these qualities in helping frontline staff build trust with people affected by gambling, who might be worried about the implications of a conversation (for example on their access to credit) or because they have never discussed their gambling with anyone and do not know what to expect.

In terms of timing, a conversation after a customer has had a substantial win at gambling may not be well-received – although research shows that suddenly having more money than usual because of a ‘big win’ can hide or even lead to harmful gambling (Parke and Parke, 2017). At the same time, customers may be particularly vulnerable to harm after successive losses, requiring any interaction at that point to be handled sensitively and tactfully.

Figure 3.1 Conversation starters and qualities of a good interaction

<p>Refer to the big picture</p> <p>I know you weren't expecting to be looking at this today, but I wondered how you feel the betting you mentioned fits in with all of this?</p>	<p>Normalise the situation</p> <p>We see other customers in a similar situation with their gambling and money being short, and we've been able to help them. It will take me 60 seconds to explain how – is that okay?</p>	<p><i>Empathic</i></p> <p><i>Respectful</i></p>
<p>Show you've been observing</p> <p>Are the bank transactions for the online slots and bingo something we can just quickly look at together?</p>	<p>Show you've been listening</p> <p>You mention taking on extra shifts at work and being short of money still – what spending haven't we covered so far?</p>	
<p>Show that you want to help</p> <p>We can help on the money side of things, as there are options – can I tell you about one of the things we can do?</p>	<p>Refer to resources</p> <p>I'm not sure if you've seen our leaflet on all the different customers we've helped, but it shows the situations they were in and how we helped. Can I tell you more?</p>	<p><i>Convey optimism</i></p>
<p>Suggest a connection</p> <p>What connections do you see between your financial difficulties and playing the lottery?</p>	<p>Simply be direct</p> <p>Can I ask you a question – is everything okay at the moment? If not, is there something that we can help you with?</p>	<p><i>Encourage positive change</i></p> <p><i>Give people options</i></p>

Source: Evans et al (2018); GamCare (2020a; 2020b); our qualitative research with gambling treatment and support providers.

EXAMPLES FROM LIVED EXPERIENCE

Our qualitative interviews with people affected by harmful gambling showed mixed outcomes when they interacted with regulated firms. As we see below, Michelle felt positively about proactive contact from her pre-paid card provider based on her previous gambling transactions. Clare's experience, on the other hand, is an example of a 'bad path'. We look at people's experiences of disclosing harmful gambling to regulated firms in Chapter 5.

Example of a positive experience with a regulated firm about gambling

Michelle is in her 30s and has struggled with addictions since her teens (including gambling) for which she has received psychological help. With support from her partner, she has managed to cut back the amount she gambles. Her earnings are paid into her partner's account and he transfers money into her prepaid account.

Based on her past gambling, she received an email from her pre-paid account provider telling her about product features to help people control their gambling:

"I had a message from them today actually... It said you've gambled before we've noticed and then it's just everything that they've got in place now to stop you".

While Michelle hadn't gambled recently and already had controls in place, she welcomed this communication: *"...it is good that people are picking up on it and it does feel like it's a help network, a bit of support".*

Example of a less positive experience with a regulated firm about gambling

Clare is in her 50s and enjoys bingo and slots. In the past few years she has self-excluded several times from online sites because she felt she was addicted and spending too much time and money on it when she was bored or feeling down: *"I'd be waking up at 2 o'clock in the morning and thinking oh I'll just have a go now."*

In Spring 2020, Clare tried to extend her overdraft after she lost her job. The bank refused to extend it because there were gambling transactions on her bank statements, although most of them were more than six months ago. Clare's debit card was then used fraudulently on gambling sites, which prompted the bank to withdraw her overdraft and use the money in her account to pay it off. They sent her a text and then called to inform her about this. Clare was very annoyed with the bank about it, particularly as it left her short of money to pay bills.

"... basically they had gone through my bank statements and they'd seen a couple of payments to Jackpot Joy and Tombola and whatever and they said oh you're gambling so we're not going to give you an overdraft... I told them that I'd self excluded, they didn't even know what that was."

SKILLS AND CAPABILITY: PRACTICAL EXAMPLES OF WHAT REGULATED FIRMS ARE DOING

Sharing good practice such as example conversations, word patterns and phrases from different channels, can help build frontline staff skills and capability. This could be particularly useful for younger, less experienced colleagues but also for seasoned colleagues who might be unsure how to broach the topic with long-standing customers or clients. Below we provide some practical examples of regulated firms' approaches to build skills and capabilities around customer interactions.

EXAMPLE 1: CREDIT UNION

Metro Moneywise Credit Union in the North West of England has developed a script for loan officers to initiate conversations with members in situations where loans are declined because they are not affordable due to gambling. The script is used in face-to-face and telephone interactions. The loans team has carefully considered the language in the script, framing the loan decline as an opportunity for the credit union to support the member. They continue to review and improve the script based on feedback from members. In cases where conversations take a 'bad path', the credit union feels members may not have recognised their gambling might be harmful or are not ready to take action about it.



"As a loans officer at a Credit Union, I feel we are extremely lucky that we are able to have these conversations with our members. Most of these chats have positive outcomes, and even if they don't want the support at this time, they know we are here when they are ready... One of these [conversations] goes wrong in every ten I'd say, but they are not at that point where they're ready to do anything about it."

Loans Officer, Metro Moneywise Credit Union.

EXAMPLE 2: BANK

Where customers in financial difficulty get in contact, one bank in our qualitative research described how its Financial Support Team are trained to ascertain the situation and ask customers about the 'past, present and future'. They find this approach helps create space for a discussion with the customer, for example around gambling transactions on their account and the possible consequences of gambling-related debt, such as adverse impacts on their credit file.



"...we resolve whatever is happening now at the moment but then we would signpost to the future to say 'Great we've done that for you this time, are you okay now for the future? I've noticed these transactions go out regularly each month, what are they? Is there anything that you want to discuss with me about it? We would like to offer support to ensure there are no further financial difficulties, which could also impact your credit file.'"

Bank representative.

SKILLS AND CAPABILITY: PRACTICAL EXAMPLES OF WHAT REGULATED FIRMS ARE DOING (CONTINUED)

EXAMPLE 3: CREDIT CARD PROVIDER

A credit card provider in our qualitative research has upskilled its customer service advisers to deal with a variety of calls where a customer would be classed as vulnerable.

The techniques and phrases used by its advisers include:

Opening the call by setting the tone positive, engaging and understanding.	Earning the right to question this is achieved through earning the customer's trust. A common phrase used is "Putting the account to one side for a moment, how are you? How is this impacting you?"
Listening to build trust and ensuring this is noted as it may be relevant to acknowledge later in the call.	Using open questions to talk about past, present and future, from "Is this going to impact you?" to "how will this impact you?"
Remaining calm throughout and show the customer you want to achieve the best possible outcome for them.	Utilising 'free' information when the customer advises information that may be useful, use the 'pull' technique to draw information as this may help identify the most appropriate solution.



4.

PRODUCT AND SERVICE DESIGN

This chapter considers gambling-related vulnerability in the design of banking and payments, lending products and joint accounts.

PRODUCT AND SERVICE DESIGN: THE FCA'S EXPECTATIONS

To treat vulnerable customers fairly, the FCA expects the firms it regulates to:

1. Consider the potential positive and negative impacts of a product or service on vulnerable consumers. Design products and services to avoid potential harmful impacts.
2. Take vulnerable consumers into account at all stages of the product and service design process, including idea generation, development, testing, launch and review, to ensure products and services meet their needs (FCA, 2021a).

In this chapter we focus primarily on the first of these expectations in relation to gambling-related vulnerability. We look at three categories of products and services:



Banking and payments: There are opportunities to design banking and payments to avoid potential harmful impacts from gambling. We take stock of what is currently available and what else might help.



Lending products: In our qualitative research with people harmed by gambling, lending products invariably exacerbated their gambling-related vulnerability. We look at examples of what regulated firms are doing to prevent harm from lending.



Joint accounts: While joint accounts can be a useful way to manage money, they can also be a source of harm for partners of people with a gambling disorder. We look at examples of harm experienced by affected others and possible improvements to joint accounts.

Key points

- Card-based gambling blocks can help people control their gambling, provided their bank or building society offers a block and they know about them. Other controls that regulated firms could offer as standard include cash withdrawal limits; spending limits; e-wallet blocks; and limits on faster payments.
- There seem to be limited options on the market for third parties such as partners or family members to help manage the finances of someone at risk of harmful gambling. Instead, they may use risky workarounds such as sharing account security details.
- Some lenders have developed criteria for making lending decisions where gambling is identified as an issue. What lending criteria are appropriate depends on the target audience, product range and how lenders operate.

While we concentrate on banking, payments and lending, gambling-related vulnerability is a potential issue across all product types. There are well-established links between risky investing and harmful gambling (e.g. Cox et al, 2020; Grall-Bronnec et al, 2017; Arthur and Defabro, 2016); and the national charity GamCare has reported an increase in people asking for help with problems related to day trading on its online forums (Dunn, 2021). The FCA also highlights contracts for difference (which can include financial spread bets) offered to retail consumers as an example of poor design that could result in harm to vulnerable consumers (FCA, 2021a).

In our qualitative research, one participant with a gambling disorder had accessed his occupational pension to fund gambling, which meant he faced a large tax bill and a potentially precarious financial position for him and his family in later life. Another participant was left without car insurance cover when her partner defaulted on the policy premium because he had spent the money on gambling.

BANKING AND PAYMENTS

This section looks at the products and services currently available from regulated firms that can help prevent harmful gambling: gambling blocks on payment cards; and money management tools and features. We also consider what else might help.

An obvious starting point is raising public awareness about the products and services that are available (alongside those offered in the gambling sector), with regulated firms, gambling operators, treatment providers and regulators all having an important role to play. The national charity GamCare has information on its website about the banks that currently offer card-based gambling blocks⁸, as does the Gambling Commission⁹.

Card-based gambling transaction blocks

Gambling blocks on payment cards can help people control what they spend on gambling, especially where the block has a cooling-off period between the time the customer deactivates the block and when they can start gambling again (Evans et al, 2020). Customers of ten large UK regulated firms now have the option to activate a gambling block which means they will no longer be able to spend money with gambling operators using their debit card for as long as the block is activated. While some card blockers offer no cooling-off period, others offer as much as a 72-hour wait (Table 4.1).

Table 4.1 Debit card gambling blocks

Bank	Turning the block on	Turning the block off	Cooling off period
Barclays/Barlaycard	App; phone; in-branch	App; phone; in-branch	72 hours
Cashplus	App; phone	Phone	48 hours
Danske Bank	In-branch; phone	In-branch; phone	72 hours
HSBC Group	App; phone; in-branch	App; phone; in-branch	72 hours
Lloyds Banking Group (Lloyds Bank, Halifax, Bank of Scotland, MBNA)	App; phone	App; phone	48 hours
Monzo	App; webchat; phone	In-app chat	48 hours
NatWest Group (NatWest, Royal Bank of Scotland, Ulster Bank)	App; phone; in-branch	App; phone; in-branch	48 hours
Revolut	App	App	48 hours
Santander UK*	App	App; secure chat	N/A
Starling Bank	App	App	48 hours

Sources: Evans et al, 2020; GamCare, 2021. *Available to customers with a Santander Mastercard.



“I didn’t realise when I switched it on it wasn’t instant that you could switch it back off again... I had to wait 48 hours, which was great because by that time kind of like any sort of urge to do something, the moment has gone.”

Interviewee with lived experience of harmful gambling.

⁸ <https://www.gamcare.org.uk/self-help/money-management/#banks>

⁹ <https://beta.gamblingcommission.gov.uk/public-and-players/page/i-want-to-know-how-to-block-gambling-transactions>

Our qualitative research with regulated firms indicates that several other banks are set to launch their own card-based gambling blocks, potentially helping millions more customers – like Amy’s friend in the case below.



Amy’s close friend got into problems with gambling during the March 2020 lockdown. When she asked her bank to block her gambling transactions, they told her they were unable to help. From feeling motivated to make a change, the bank’s response left Amy’s friend feeling deflated and in Amy’s view was a setback in terms of tackling her harmful gambling: **“To have got that far to the point where you’re talking to people and reaching out for support and for ways to help the problem... it is then frustrating to be turned away and told to get on with it.”**

Interviewee affected by someone else’s gambling.

Credit cards

To help tackle the issue of gambling with borrowed money, the Gambling Commission introduced a sector wide ban on the use of credit cards for gambling across Britain with effect from 14 April 2020. This includes gambling on credit cards via an e-wallet or other money service business (Gambling Commission, 2020b). The credit card ban does not apply to consumers in Northern Ireland, because gambling is regulated differently there. Nor does it apply to gambling businesses that are regulated outside Britain, meaning that people may still be able to gamble using a credit card on overseas gambling sites unless their lender offers a gambling block which they have activated.

Other spending controls

Well-designed card-based gambling blocks are effective, but they are not fool proof. Unscrupulous gambling operators may illegally using a non-gambling merchant category code for their transactions (transaction laundering) which means that gambling transactions are accepted even when a card-based gambling block is activated (Evans et al, 2020). Scratch cards and lottery tickets can still be paid for with a debit card at a retailer. And people may find other ways to pay for gambling, including using cash or loading funds via a debit card to an e-wallet such as Skrill, Neteller or ApplePay.

To offer people additional protection from harmful gambling, Table 4.2 shows other spending controls that regulated firms could consider making available to customers as standard features. To be effective, regulated firms need to publicly promote the help and support they offer around gambling to their customer base. We look at communications in more detail in Chapter 6.

Table 4.2 Other spending controls that regulated firms could consider making available

 <p>Set a limit on cash withdrawals. Most banks will – if requested – place a limit on ATM cash withdrawals. This could be offered as standard to customers who activate a card-based gambling block.</p>	 <p>Set a daily spending limit on a debit card. Enabling customers to put a ceiling on total card spend could prevent them spending more than they can afford, for example where they are chasing losses.</p>
 <p>E-wallet blocks. E-wallet providers could offer their own transaction block or adopt an industry-wide scheme so customers can opt-out of spending on gambling across all e-wallet providers.</p>	 <p>Set a daily limit on faster payments. As account-to-account payments for gambling grow in popularity, enabling customers to put a limit on faster payments could offer added protection against harmful gambling.</p>

Money management tools

Money management tools can be another way to help people who gamble to keep their finances under control - as the examples below illustrate. Where regulated firms offer these product features, they could consider presenting them as a bundle of measures to help keep finances in control, for example alongside card-based gambling blocks.

Examples from lived experience

Pre-paid cards: Michelle, who we met in Chapter 3, no longer has her own bank account because of her problems with gambling and debt. Instead, she has her wages paid into her partner's account and uses a pre-paid debit card onto which her partner loads funds as and when she needs them. This system has helped Michelle reduce her gambling and keep it under control.



"Sometimes it's quite embarrassing because I could be at the checkout and I'm waiting for him to transfer money onto my cards to pay for the shopping, but in my mind it's the best way and it's the only way to live and be safe."

'Control' accounts: Anna got into difficulties with her overdraft due partly to spending on gambling. The bank contacted her after she missed two payments and, despite her anxiety about what they would say, they helped her set up a repayment plan to pay back what she owed. On the bank's suggestion, Anna also opened a paid-for account with a **'control service'** that means she is protected from bank charges and does not have an overdraft, which gives her peace of mind.

Money management 'pots': Luke struggled financially when he started gambling more on the lottery after he lost his job and was feeling low. Once he was back in steady work and gambling less, one of the tools he found helpful was an in-app 'salary sorter' feature offered by his bank. This allows Luke to ringfence money for his bills in different 'pots' as soon as he gets his wages, from which his direct debits are paid. This means he has the reassurance of knowing that his essential costs are always covered.

Partners, family members and friends can also play a role in supporting people experiencing harmful gambling, including help to manage money and finances, as several of our case studies illustrate (such as Michelle above and Matt in Chapter 2). This can sometimes mean using risky workarounds. For example, the person who gambles may voluntarily share their account security information to enable a partner or family member to monitor their account.

Currently, there seem to be limited options on the market to enable people to do this safely (although some are in development, such as Touco, an app for carers to monitor the spending of someone they care for)¹⁰. Products that offer this functionality while protecting both parties have applications wider than gambling-related vulnerability, for example for customers with mental health conditions or customers concerned about frauds and scams.

¹⁰ <https://usetouco.com/#our-work>

THE SELF-EXCLUSION TRIANGLE

For people who want to control their gambling, card blocker technology – while effective – only forms one side of the self-exclusion triangle. The other two sides are (i) software that blocks gambling websites on smartphones and personal computers and (ii) schemes that enable people to self-exclude from gambling venues and online gambling. The table below provides information about gambling blocking software and self-exclusion schemes.



Blocking software is downloaded onto a device (smartphone, tablet, computer) to limit access to websites or other internet services.

Some blocking software is free of charge, for others there is a charge.

Gambling-specific software:

- [gamban.com](https://www.gamban.com)
- [gamblock.com](https://www.gamblock.com)
- [betfilter.com](https://www.betfilter.com)
- [betblocker.org](https://www.betblocker.org)

General blocking software to block any sites (including gambling sites) and set access permissions or parental control:

- [netnanny.com](https://www.netnanny.com)



Self-exclusion means people can ask a gambling provider to exclude them from gambling with them for a length of time (usually 6-12 months but up to five years for online gambling). All gambling providers in Britain must provide this option.

People can self-exclude from each separate company they gamble with, or from multiple companies at the same time.

Multi-operator schemes include:

- Online gambling with operators licensed and regulated in Britain [gamstop.co.uk](https://www.gamstop.co.uk)
- Arcades and adult gaming centres [bacta.org.uk](https://www.bacta.org.uk)
- Betting shops [MOSES](https://www.moses.co.uk)
- Bingo venues [Bingo Association](https://www.bingoassociation.co.uk)
- Casinos [SENSE](https://www.sense.org.uk)

These tools will be more powerful in tandem with one another. A first step would be for regulated firms to signpost customers to gambling blocking software and self-exclusion schemes; and for gambling operators to signpost customers to bank card gambling blockers in their information about 'responsible gambling' or advice on 'staying in control' (Evans et al, 2020).

In addition, [TalkBanStop](https://www.talkbanstop.com) is a new campaign that brings together blocking software, self-exclusion and helpline support to make them easier for people to access. As part of a 12-month pilot, callers to the National Gambling Helpline and clients in [GamCare](https://www.gamcare.org.uk) treatment services will be offered:

- Free [Gamban](https://www.gamban.com) blocking software licences and signposted to register for [GAMSTOP](https://www.gamstop.co.uk).
- Customers registering for [GAMSTOP](https://www.gamstop.co.uk) will also be able to connect straight through to the National Gambling Helpline over the phone or via web chat for additional support and a free [Gamban](https://www.gamban.com) licence.
- Likewise, [Gamban](https://www.gamban.com) users will also be signposted to register with [GAMSTOP](https://www.gamstop.co.uk) and access support from [GamCare](https://www.gamcare.org.uk).

[GamCare](https://www.gamcare.org.uk) has produced key messages and FAQs for financial services firms and debt advisers to support the [TalkBanStop](https://www.talkbanstop.com) campaign. At least one bank (TSB) has information about [TalkBanStop](https://www.talkbanstop.com) on its website, in the help and support section for customers worried about gambling.

LENDING PRODUCTS

In our qualitative interviews with people harmed by gambling, lending products had invariably exacerbated their gambling-related vulnerability. In some instances, people experiencing harmful gambling had taken out loans fraudulently in someone else's name; or used someone else's credit card to gamble, which had the potential to cause financial harm to others.

Certain features of lending products and lender behaviours were particularly problematic, as illustrated in Frank's case below – including lenders allowing the accumulation of large amounts of debt in a short period of time (before the damage to a customer's credit rating is captured on lenders' systems for example); and harmful cycles of high-cost borrowing.

Examples from lived experience

Frank first gambled when he was 15 but things escalated out of control in his 20s when he started gambling on fixed odds betting terminals and online. Over the space of six years, he thinks he borrowed around £80,000 from payday lenders alone:



"I could go and have five, six, seven, however many loans that I want in one time, and there'd be no checks to say well hang on a minute you've got this loan, this loan, this loan, how do you think you can pay for it?"

He also accumulated £5,000 of unauthorised overdraft debt in just one hour of gambling. While he accepts that at the time he was angry about the money he had lost, he also doesn't understand why the bank let him borrow that amount of money without any questions asked. He contrasted this to banks being quick to contact customers if they saw suspicious transactions on accounts.



"... how can my bank allow me to do that, why did they not stop the transactions, why didn't they ring and tell me what you doing, you know, because they're very quick now to stop suspicious activity on your account."

Several years on, having stopped gambling with professional help, he is still feeling the repercussions of his overdraft debt because of the adverse impact on his credit rating.

Under the FCA's rules, lenders must undertake a reasonable assessment of the creditworthiness of a customer when granting new credit or significantly increasing the amount of credit or credit limit (FCA, 2021c). This includes assessing the affordability of the borrowing for the customer as well as the credit risk to the lender (FCA, 2018). Gambling seems to feature in a growing number of Financial Ombudsman Service (FOS) complaints, a proportion of which will relate to lending affordability (Box 4.1).

Box 4.1 FOS decisions which feature the keyword 'gambling'

A search of FOS decisions in 'banking, credit and mortgages' using the keyword 'gambling' shows:

- **50** decisions for the period 01/04/14 to 01/04/15, with **12%** of complaints upheld by FOS.
- **197** decisions in the period 01/04/16 to 01/04/2017, with **58%** of complaints upheld.
- **399** decisions in the period 01/04/20 to 01/04/21, with **56%** of complaints upheld.

While these complaints feature a wide range of gambling issues, they include upheld decisions where the customer's gambling meant the credit extended to them was considered unaffordable¹¹.

Some of the lenders we interviewed used FOS decisions related to gambling to inform their own policies and practice.

In addition, one bank had analysed its customer complaints where gambling was mentioned. Around 40% of complaints were from customers who thought the bank should not have lent to them because of their gambling.

Lenders could also analyse their data to better understand the impact of gambling on credit delinquency rates. Higher delinquency rates among customers who gamble may suggest that changes are needed to lending policies and affordability assessments.



¹¹ Examples of recent upheld decisions in respect of lending affordability where there was evidence of gambling include:
<https://www.financial-ombudsman.org.uk/files/300204/DRN3100666.pdf>;
<https://www.financial-ombudsman.org.uk/files/298635/DRN8720382.pdf>;
<https://www.financial-ombudsman.org.uk/files/300315/DRN-2635905.pdf>

LENDING PRODUCTS: PRACTICAL EXAMPLES OF WHAT REGULATED FIRMS ARE DOING

Lenders in our research felt there could be a fine balance between helping prevent harmful gambling and not unreasonably denying people access to credit. To help address this issue, most of them had developed criteria for making lending decisions where gambling was identified as an issue.

Below we provide practical examples of their approaches to lending criteria.

DEVELOPING LENDING CRITERIA

Our research highlights there are no hard and fast rules when it comes to gambling-related lending criteria. It very much depends on the target audience, product range and how lenders operate. Tools that lenders used to help develop lending criteria included examining FOS decisions on customer complaints about lending and gambling; and using Open Banking data to get a granular, up-to-date understanding of loan applicants' financial situations on which to base decisions.

One approach used by lenders is a **'hard cut-off'** where credit applications are automatically declined if gambling spend exceeds a certain threshold, for example a set proportion of income. A lender's own data analytics can inform the precise metrics they use, for example testing which is the better indicator out of gross gambling spend (ignoring money won from gambling) or net gambling spend (where winnings are taken into account).

Some lenders also **flag credit applications for further review** where gambling spend is below their 'hard' threshold but still concerning. One non-profit lender in our research dealt with these applications manually by having a conversation with the applicant to obtain further information to inform their decision whether to lend. Other possible actions for lenders include:

- **Monitoring credit performance** over the lifecycle of a credit product, for example to examine any correlation between gambling spend and credit repayment.
- **For returning borrowers**, considering whether their gambling spend has changed relative to their overall financial situation since their last application.
- **For revolving credit products**, restricting automatic credit increases where gambling is identified as a potential vulnerability.

TREATING DECLINED APPLICANTS FAIRLY

Declining credit applications for gambling-related reasons raises the question of whether lenders could or should inform applicants about the reason they have been declined. In the case of automatic declines, this was generally not the case among the lenders we spoke to. In other cases, some lenders did inform applicants about the reason if they asked, with frontline staff needing to be prepared for 'bad path' conversations where the reason was disputed or caused upset. Lenders also had some concerns that informing customers could have unintended consequences, for example if customers subsequently hide their gambling across multiple bank accounts.

DEFAULT GAMBLING BLOCKS ON LENDING PRODUCTS

London Mutual Credit Union provides an automatic block on betting and online gambling on its card loans (lines of credit linked to a debit card) (London Mutual Credit Union, 2021).

JOINT ACCOUNTS

An estimated 30 million adults in the UK have a joint account. While they can be a useful money management tool, joint accounts can also be a source of harm for partners of people with a gambling disorder.

A joint bank account is an account in the name of two or more people. Everyone named on the account can pay money in or take it out, although sometimes more than one person needs to agree to this. When someone opens a joint account, they will be co-credit scored with the other account holder and their credit ratings become linked. If one account holder takes money out of the joint account without the other knowing, there are not many options for getting it back and customer complaints are unlikely to be upheld¹². And if the account becomes overdrawn, each joint account holder is responsible for the whole amount owed (Money Advice Service, 2021a). This 'joint and several liability' also applies to secured and unsecured loans (Money Advice Service, 2021b).

Our examples from lived experience (below) illustrate how joint accounts and joint household bills can create harm for people who are affected by someone else's gambling. Debt advisers cannot advise on joint debts without the consent of both parties, which can also leave affected others in a difficult situation.

Examples from lived experience

Mia discovered that her partner had gambled over £30,000 from their joint savings. When she contacted her bank, they said they were unable to help. She and her partner have now closed their joint savings account, but Mia remains worried and scared about the future; and is upset with herself for not checking the savings account more often.

Debbie (who we met in Chapter 2) does not have a joint bank account with her husband because of his gambling disorder. They do however have a joint mortgage, and Debbie is worried that he may have extended the mortgage or taken on other debt to fund his gambling. It seems she hasn't looked into this for fear of what she might find.

Hannah's previous partner had mental health problems that affected his ability to work and were linked to shopping sprees and escalating gambling. Their Council Tax and utility bills were in joint names and when they got behind with payments due to her partner's gambling disorder, Hannah negotiated repayments for all of them and paid them back herself after the relationship ended:



"I'd say it probably has taken a good part of two years to clear it off, to be honest."

¹² See for example <https://www.financial-ombudsman.org.uk/files/163708/DRN6574499.pdf>

Better joint accounts?

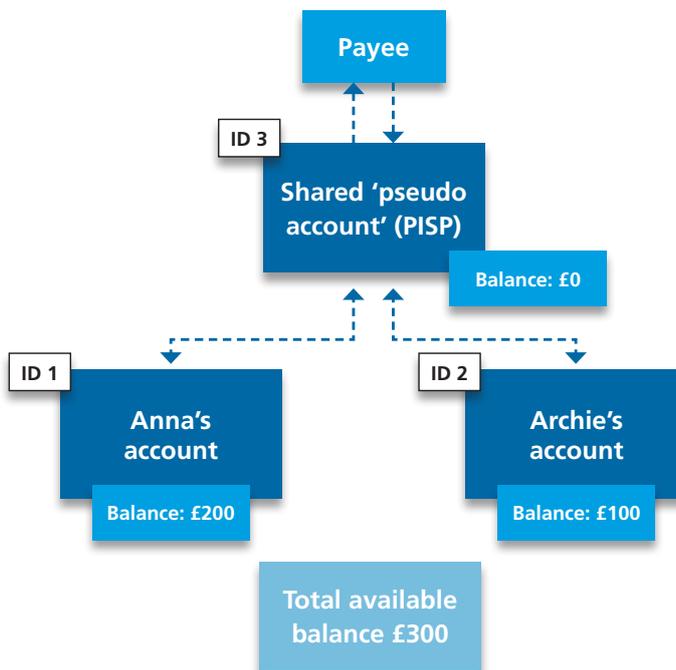
In March 2021, the FCA held a Virtual Women's Economic Empowerment Techsprint which brought together a group of majority female regulatory, technology, data and financial services experts to find solutions to personal finance issues made worse by the pandemic or where women were disproportionately affected (FCA, 2021d).

One of the use cases that experts worked on was creating a safer joint account alternative using Open Banking payment initiation (Figure 4.1 below). In this model:

- Money would stay in the user's own current account until a joint payment was initiated.
- Payments could be split differently depending on partner preferences.
- Crucially, better traceability around who makes decisions about the money in the account makes it easier to prevent abuse (<https://betterjointaccounts.com/>)¹³.

While the technology exists to build this product, it is not yet available. In the meantime, other ways that regulated firms could offer more protection for joint account holders include making card-based gambling blocks the default on new joint accounts; and enabling joint account customers to set up transaction alerts so that each party is notified of any activity on the account. These protections may help ensure that joint money is not spent on gambling by one account holder without the other account holder's knowledge¹⁴. They may also be a useful tool to support someone who is trying to cut back or abstain from gambling.

Figure 4.1 A model for a safer bank account alternative



Source: <https://betterjointaccounts.com/>

¹³ Our thanks to Bailey Kursar (the Techsprint's expert lead for better joint accounts) for sharing this information.

¹⁴ Less positively, this type of alert feature could also be used to perpetrate financial or economic abuse.

Financial abuse

Financial abuse involves an abuser using or misusing money which limits and controls their partner's actions and their freedom of choice. It can include using credit cards without permission, putting contractual obligations in their partner's name, and gambling with family assets (Sharp, 2008).

Where a person with a gambling disorder has fraudulently taken out credit in their partner's name or coerced their partner to take out credit for them (which are forms of financial abuse), affected others may be left with few options other than to repay the debt or apply for personal insolvency.



“... if somebody comes to us and says my partner or my ex-partner has taken all my money and spent it on gambling, there's not really anything we can do. They can't get that money back, there's no mechanism for getting the money back, they can't take them to the small claims court because there's no contractual obligation to give it back.” Debt adviser working in Money Advice Plus's Domestic and Economic Abuse Partnership.

While it does not mention gambling specifically, there is now a voluntary Financial Abuse Code of Practice, to bring increased awareness and better understanding of what financial abuse looks like, and ensure more consistency in the support available from banks and building societies for those who need it (UK Finance, 2018). The national charity Surviving Economic Abuse also has an economic abuse conversation kit for banks and building societies to help them identify and respond to economic abuse (SEA, 2019) along with information for consumers about freezing and closing joint accounts (SEA, 2021).

Gambling as a factor in economic abuse

The Domestic and Economic Abuse Partnership (DEAP) is a collaboration between the debt advice charity Money Advice Plus and Surviving Economic Abuse, a charity dedicated to raising awareness of and transforming responses to economic abuse. Economic abuse occurs when an abuser (usually a man) restricts how their partner acquires, uses and maintains money (financial abuse) but also other essential resources such as food, housing and transport (Women's Aid, 2020; Sharp 2008).

Towards the end of 2020, Money Advice Plus's DEAP began recording instances where clients mentioned that gambling was a factor in the economic abuse they had experienced. Between mid-December 2020 and mid-May 2021, Money Advice Plus recorded 11 cases of female clients who had experienced economic abuse by a male perpetrator where gambling was reported to be a factor in the abuse - so roughly two cases per month over that period.

TAKING VULNERABLE CONSUMERS INTO ACCOUNT ACROSS THE DESIGN PROCESS

The FCA expects regulated firms to take vulnerable consumers into account at all stages of the product and service design process, including idea generation, development, testing, launch and review, to ensure products and services meet their needs. This will be especially important for regulated firms whose existing customer base or target markets include people at higher risk of harmful gambling, such as men, younger adults, people from lower socio-economic backgrounds and people from minority ethnic backgrounds.

Regulated firms will already have design and change processes within their organisations, into which they will need to embed consideration of vulnerability. This might be in the form of customer personas (for example like the lived experience case studies in this guide), a checklist or a set of criteria that is based on analysis of their customer data.

5.

CUSTOMER SERVICE

In this chapter we look at disclosure of gambling-related vulnerability; and the support available to people affected by harmful gambling.

CUSTOMER SERVICE: THE FCA'S EXPECTATIONS

To treat vulnerable customers fairly, the FCA expects the firms it regulates to:

1. Set up systems and processes in a way that will support and enable vulnerable consumers to disclose their needs. Firms should be able to spot signs of vulnerability.
2. Deliver appropriate customer service that responds flexibly to the needs of vulnerable consumers.
3. Make consumers aware of support available to them, including relevant options for third party representation and specialist support services.
4. Put in place systems and processes that support the delivery of good customer service, including systems to note and retrieve information about a customer's needs (FCA, 2021a).

In this chapter we relate these expectations to gambling-related vulnerability, focusing on:



Customer disclosure: We use our qualitative research with people affected by gambling to look at their experiences of disclosing gambling-related vulnerability to regulated firms and how firms responded.



Recording gambling-related vulnerability: We look at how regulated firms can record relevant information appropriately and sensitively for use by colleagues.



Available support: Building on earlier chapters, we consider the types of support available to people affected by gambling and how regulated firms can signpost to them.

Key points

- For someone to open up about their gambling, it can mean overcoming strong feelings of shame, embarrassment and worry about the consequences. It may take them time to even signal that something is wrong. If they do, the response from regulated firms is likely to be an important factor in determining whether they experience a good or bad outcome.
- Our interview data provides examples of good and bad experiences that people had disclosing their harmful gambling to a regulated firm, as well missed opportunities where there may have been scope for regulated firms to offer more support than they did.
- The ARO model (**ascertain** needs; provide **reassurance**; offer **options**) may help regulated firms signpost to support people affected by harmful gambling more effectively.

CUSTOMER DISCLOSURE

Regulated firms can actively create a good disclosure environment by making it simple for customers to tell them about a support need but also having supportive messages on their website; on call centre waits; in the scripts used by customer-facing staff; in letters, email and webchat, including explaining to customers what will happen to any information they choose to disclose (Fitch et al, 2020a).

This section looks at people's experiences of disclosing gambling-related vulnerability to regulated firms and how regulated firms responded. Fitch et al (2020a) provides a detailed guide to recording data (flags, support codes, account notes, and secondary indicators), how to use data to support customers, and how to encourage further vulnerability disclosures.

Understanding the context of disclosure

Harmful gambling can have deep and complex roots. It can be triggered by traumatic events in childhood or as an adult; it may be linked to mental health problems; and is often hidden from view until exposed by a crisis that is critical enough to make someone consider seeking help. People experiencing gambling-related harms are also a risk group for the experience of suicidal thoughts, attempts and deaths by suicide (Samaritans, no date).

For someone to open up to a regulated firm about their harmful gambling - in person, on the phone or online - may mean overcoming strong feelings of shame, embarrassment and worry about the consequences. It may take them time to feel able to talk about it or even signal that something is wrong. If they do, the response from regulated firms will be an important factor in determining whether they experience a good or bad outcome. For debt advisers and staff working in collections and recoveries, if clients do not disclose harmful gambling there is a risk that any actions to address their debt will not be effective.

Below, Jill describes below why she has not told her credit card provider that her unmanageable debt is largely due to the increasing amount she has been gambling on scratchcards, online bingo and slots:



"I have been on the phone to the various credit card companies, there's three in total, you know, and they've asked me why these debts have suddenly occurred and I haven't told them the truth because I feel ashamed, I've not told them it's because I can't stop gambling or buying scratch cards and playing bingo and slots on-line. I've just told them it's because there's no overtime going at work and, you know, food is increasing in prices and the bills are increasing, because I just don't want to tell them because I know that they won't be sympathetic towards me."

Other reasons that may hold people back from disclosing harmful gambling are concerns about how regulated firms will respond; worry about possible financial implications, for example if it affects their access to credit; and feeling that firms will not be able or willing to help them.

Experiences of disclosing gambling-related vulnerability

The people we interviewed who had disclosed gambling-related vulnerability to a regulated firm all did so in person, either in-branch or over the phone. They reported good and bad experiences.

Just as striking are the examples of missed opportunities, where there may have been scope for regulated firms to offer more support than they did. This suggests that the financial services sector has more to do to meet the FCA expectation that they proactively offer support to customers in vulnerable situations.

As we saw in Chapter 4, one bank had analysed its customer complaints where gambling was mentioned. Around 40% of gambling-related complaints were from customers who thought the bank should not have lent to them because of their gambling. The next largest category (30%) comprised customers who complained the bank did not help them when they disclosed their harmful gambling.

Examples from lived experience

Armin is in his 40s and only started gambling seven years ago when his friend encouraged him to try it. Early wins and the buzz he got from playing slots led to him gambling more, to the point where he was chasing losses and sometimes gambling all night in arcades and service stations. He realised his gambling had got out of control during the first pandemic lockdown, when he was spending more time at home and losing thousands of pounds online gambling.



“I remember watching TV and them talking about a second lockdown and I thought if I carry on doing this, I’m going to be in real trouble... It was a point where I just thought this is super dangerous.”

Armin went to his local bank branch to ask for help to stop gambling. Although he was already aware of GAMSTOP (which lets people self-exclude from online gambling), the bank staff member he spoke to explained that it is a multi-operator scheme that would prevent him from using any gambling website or app. They also helped Armin activate a bank card gambling block. The staff member had personally used GAMSTOP, leaving Armin to reflect whether it was luck that he managed to get help.



“I think he gambled as well, he had similar situations and he went on GAMSTOP, so it was more a kind of personal communication... if it was another day and I met another bank manager who wouldn’t know about it, so I kind of lucked out that way.”

Examples from lived experience

Andrew is in his 30s and started online sports betting in his 20s, something he originally did for fun with his friends. Over time, though, he started gambling online on his own when he was bored or lonely. He realised it had become harmful when it started affecting his relationships with friends and family and he felt it was changing him as a person.



“...it starts to change you because money is involved and, you know, it kind of it stops you from concentrating on some of the important things... you might lose your temper a little bit more or get aggressive a little bit more because of it... why am I being so aggressive? you know, and it’s definitely one of those things that I feel the most ashamed about actually.”

Andrew contacted his bank to extend his overdraft limit. He felt desperate at the time because all his money was going on gambling and he was struggling to afford bills and essentials. He told the bank that his gambling disorder was why he needed the extra money. He felt they were not interested and found them unsympathetic.



“... it was like, ‘why are you telling us this, you know, it’s not our job’, they’re not therapists, you know, they’re here to make calculated decisions, financial decisions that better themselves and so obviously, I mean it just meant nothing to them.”

While in hindsight he was glad they refused his request for an overdraft extension, he also felt the bank could have told him about other support they or other organisations might be able to offer.

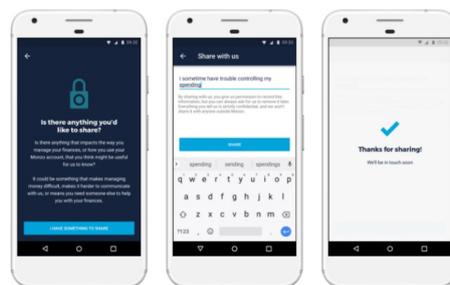
Missed opportunity	What could the regulated firm have done?
<p>Frank’s bank signposted him to a debt management charity to sort out his unauthorised overdraft debt but did not offer any information about gambling support even though he told them his debt was gambling-related.</p>	<p>Made sure that all customer-facing staff use the TEXAS model (Figure 5.1) to manage disclosure and offer appropriate support such as signposting to external help as part of a positive disclosure environment.</p>
<p>Alex had a conversation with his credit card provider (pre-ban) about a significant gambling win paid onto his credit card because it took him over his credit limit. The provider did not ask anything about the multiple gambling transactions on his credit card statements.</p>	<p>Made sure that all customer-facing staff have the skills and capabilities (Chapter 3) to start a conversation around gambling and know what makes a good interaction and offer appropriate support, such as signposting to spending controls, money management tools (Chapter 4) or external help (Table 5.1).</p>

Disclosure in digital channels

As we saw in Chapter 2, StepChange Debt Charity reported a notable difference between telephone disclosures related to gambling (0.43% of all disclosures through that channel) and disclosures to its online debt advice service (2.82% of all disclosures through that channel), suggesting that the relative anonymity of online services may encourage disclosure of gambling-related vulnerability.

In 2018, the digital bank Monzo introduced a 'share with us' feature in its banking app to give customers a simple, direct, and always-available mechanism to disclose any situation that affects the way they manage their finances. Customers can provide a free-text description of their situation to Monzo at any time of day. This disclosure goes directly for review and potential response to Monzo's Vulnerable Customer Team, who can direct the customer to guidance or resources to help with their situation; or instigate a more detailed conversation via chat or phone.

The team speaks to around 100 customers in total a day, and disclosures through 'share with us' make up around 16% of these interactions. The top three disclosure types that come through 'share with us' relate to financial difficulties, mental health and gambling addiction. There has also been an increase in disclosures about financial and domestic abuse as customers can communicate without leaving a trace in the app (Fitch et al, 2020a; Monzo, 2018).



Disclosure: a view from gambling treatment and support providers

We asked gambling treatment and support professionals what advice they would give frontline staff working in regulated financial services firms about having a conversation around gambling, based on their expertise and experience. Below are some of their suggestions:



Be alert to cues. People with gambling disorder may want to be 'found out' even if they feel unable to disclose. Regulated firms should be alert to customer cues that might signal a potential problem. A short unscripted conversation coupled with tactful responses is likely to be more effective than a tick-box approach.



Avoid giving half-information about gambling. Financial services professionals are not expected to be experts in gambling. They should recognise their limitations and avoid giving information that might be conflicting or confusing. Remember that people with gambling disorder often cannot 'just stop' gambling.



Think 'support plan'. Regulated firms could support people affected by harmful gambling to manage their finances. This might include offering a financial health check or discussing protective options such as accounts with 'pots' that allow people to ringfence money for essentials.



Remember affected others. People affected by someone else's gambling, especially partners, may want advice from regulated firms on ways to protect their own finances; and where they stand legally regarding joint debt or debt taken out in their name without their knowledge or consent.

RECORDING GAMBLING-RELATED VULNERABILITY

The FCA expects regulated firms to ensure their staff can recognise when information about a consumer's needs is relevant to future interactions and know how to record it. Staff should also know how to access and use previously recorded relevant information to meet that consumer's needs.

The TEXAS model (Figure 5.1) is designed to help ensure that staff record (i) the most relevant information about characteristics of vulnerability; (ii) how these characteristics affect support needs; while (iii) helping meet data protection requirements (FCA, 2021a).

Figure 5.1 The TEXAS model applied to gambling-related vulnerability

T	Thank the customer for their disclosure: "Thank you for telling me about the gambling. I appreciate it, as it will help our conversation"
E	Explain how their disclosed information will be used: This should include why information on gambling is being collected, how it will be used, and who the data will be shared with.
X	eXplicit consent is sought or che X s (checks) are made to ascertain if the customer objects to data processing, depending on the basis on which the data will be processed.
A	Ask the client questions to get key information to help you understand the situation better: "How does the online bingo and slots affect your finances?" "Does anyone help out or share the finances with you?"
S	Signpost to internal support or external services with specialised expertise (where this is appropriate).

TEXAS is not designed to manage disclosures of suicidal thoughts or intent, which can be processed without consent if this will save a customer or another person's life (the Vital Interests basis). TEXAS is also not designed to be used to handle disclosures made by a carer or third-party about a vulnerable customer – for which there is a separate CARERS model (see Fitch et al, 2017a).

How should data about gambling be processed by regulated firms?

All regulated firms need to follow the General Data Protection Regulation (GDPR) and Data Protection Act 2018 which aim to ensure data are used fairly and lawfully, in ways consumers reasonably expect, and that the data stays safe.

Under this regulation and law, personal data is information about a living individual. This includes things like a person's name, address or birth date. It can also cover information about a person's interactions or transactions with firms, including online interactions; as well as more sensitive information such as, for example, data about a person's health (known as 'special category data').

With reference to data protection regulation and law, regulated firms will need to decide how to process data about a person's gambling. Data processing includes the collection, recording, storage, analysis, use, combination, sharing or deleting of information. They will need to plan in advance how gambling data will be handled in each of these stages.

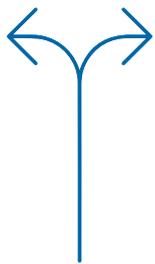
When doing this, firms will need to decide whether any data they are processing on gambling is about a person's health. If this is the case, then it represents special category data, and will need to be treated with additional care as described by the Information Commissioner's Office (ICO). Firms should consult the ICO website and liaise with their Data Protection Officer or team about this.

There is no existing guidance, to our knowledge, from the ICO on when information about a person's gambling should be treated as special category data. However, where a customer discloses that they are receiving treatment from a health professional for a gambling disorder, information about this disorder and treatment would constitute special category data. Other situations may also exist where information about a customer's gambling does constitute special category data, and firms will need to consider where this might apply. This particularly applies to the use of specific conditions under the Data Protection Act 2018 to process information to protect a customer's economic wellbeing (see Fitch et al 2020b for further information).

AVAILABLE SUPPORT

The FCA expects regulated firms to make consumers in vulnerable situations aware of the support available to them – both from their own firm and externally. People may benefit from different types of support depending on the harms from gambling they experience and whether gambling is, for example, linked to mental health issues. While some consumers may reject initial offers of support, providing them with information remains important in case they later change their mind, for example after gambling losses or other gambling-related harms.

Drawing on our qualitative research with people affected by harmful gambling and with gambling treatment and support services, we have developed the ARO model as a tool that may help regulated firms signpost to support more effectively:



A ascertain the person's needs and ask whether they would like to hear about available help and support.

R reassure them they are not alone in experiencing gambling-related harm and there is help and support available.

O where possible, give people options they can choose from and some idea about what each service offers. For example, people may not be aware that they can just talk to someone about their gambling without having to commit to a course of action.

Table 5.1 gives some examples of the types of external support that might be relevant for people experiencing gambling-related harm. It is not an exhaustive list and regulated firms may have their own partnerships with debt advice providers and gambling treatment and support services. This external support is in addition to any gambling blocks, spending controls or other features that regulated firms can offer customers.

The availability of community-based services such as counselling for gambling, mental health services and debt advice are likely to vary depending on where people live. Community-based debt advisers in our research reported patchy access to gambling support services; and there were instances of long waiting times for mental health referrals among the people we interviewed who were affected by harmful gambling.

Table 5.1 Examples of support available for people experiencing gambling-related harm

Help with gambling issues	Help to understand harmful gambling
<p>The National Gambling Treatment Service is a network of organisations working together to provide confidential treatment and support for anyone experiencing gambling-related harms. It is free to access across England, Scotland and Wales and comprises:</p> <ul style="list-style-type: none"> • The National Gambling Helpline operated by GamCare which also works with partners to deliver one-to-one and group support at locations around Britain. • Gordon Moody Association gambling therapy, residential treatment and outreach support for adults with gambling addictions. • NHS National Problem Gambling Clinic treatment and support for adults (16+) with gambling addiction in England and Wales. • NHS Northern Gambling Service treatment and support for adults with gambling addiction across the North of England. <p>Other help includes Gamblers Anonymous a free self-help group whose 12-step programme involves stopping gambling with the help of regular face-to-face and online support groups.</p>	<p>begambleaware.org provides free, confidential information and advice to anyone worried about gambling – their own or someone else’s.</p> <p>There are also a growing number of resources produced by and with people who have experienced harmful gambling that aim to raise awareness and offer support and advice. These resources may also be helpful for affected others and staff in regulated firms. Below are examples of podcasts and online resources.</p> <p>Podcasts:</p> <p>After Gambling aims to increase awareness and understanding of gambling disorder. All Bets Are Off is a gambling addiction recovery podcast as is The Invisible Addiction.</p> <p>Online resources:</p> <p>Don’t Bet Your Life On It is a player-led online safer gambling initiative.</p> <p>Humans of Scotland is an initiative of the Health and Social Care Alliance Scotland sharing video stories of people facing difficult life situations, including living with gambling disorder.</p>
Help with money issues	Help for families and affected others
<p>The Money Advice Service has a guide to tackling problem gambling and debt as well as providing free and impartial money advice over the phone and online; an online debt advice locator; online guides, tools and calculators.</p> <p>Citizens Advice provides free confidential advice online, over the phone, and in person.</p> <p>National Debtline provides free debt advice by phone, email and webchat and has a library of factsheets on a wide range of debt issues.</p> <p>Turn2Us provides information and support to help people get on track financially, including a benefits calculator.</p> <p>Experian and Equifax have information for people concerned about gambling on using a notice of correction (NOC) to let lenders know they do not want to be lent to. Lenders will see this NOC and should take it into account. People need to add a notice of correction at each credit reference agency (there are three main ones).</p>	<p>The National Gambling Helpline and GamCare support families and affected others via phone, webchat and one-to-one, as well as an online forum for friends and family. These services include advice on addiction awareness, how to provide support where appropriate and protecting their finances.</p> <p>Gam-Anon is a free self-help group and the sister organisation to Gamblers Anonymous. Its 12-step programme is for those affected by someone else’s gambling with the help of regular face-to-face and online support groups.</p> <p>GamFam helps families recognise the early warning signs of harmful gambling and how to prevent addiction. It provides information, advice and support, including 12 things that people can do if they have a disordered gambler in the family.</p> <p>Gamily provides online support for the families of gambling addicts.</p>

AVAILABLE SUPPORT: PRACTICAL EXAMPLES OF WHAT REGULATED FIRMS ARE DOING

As well as signposting to external support or working with external partners to support people affected by gambling, regulated firms in our research also had internal resources they could refer people to where they identified potential vulnerability, including gambling-related vulnerability. These internal resources fell into two categories: **(i) staff that can offer extra support** to people who need it and **(ii) online information** that regulated firms can refer people to.

Below are practical examples of what regulated firms are doing in these two areas.

EXAMPLE 1: EXTRA SUPPORT

In the last year, one credit union decided to employ a Money Advice and Budgeting Officer (MABO). The lending team can refer members to the MABO for advice about money management and spending, which could include spending on gambling. The extra resource means the lending team can focus on loan applications while still offering additional support to members.

Several debt advisers in our research had access to extra support for their clients within their own organisations, that could include help with harmful gambling. One registered social landlord, for example, has an in-house support team to which its debt advisers can refer clients. Other debt advisers worked for organisations that have Support and Wellbeing or Outreach teams that can assist debt advice clients on a range of matters, which might include harmful gambling.

In addition, one debt adviser with lived experience of harmful gambling felt there was scope for debt advisers to make use of the Debt and Mental Health Evidence Form (DMHEF) for clients affected by disordered gambling. The DMHEF is a standard form that is used to ask health and social care professionals for evidence of someone's circumstances in cases where their mental health seriously affects their ability to manage their money and debts. It was designed to make it easier to collect this information for debt advice clients and their creditors, and to help creditors assess what support they can offer people to deal with their debts (National Debtline, no date). The DMHEF and related materials are hosted by the Money Advice Trust.

EXAMPLE 2: ONLINE INFORMATION

Several regulated firms in our research have dedicated pages on their websites with information for customers in vulnerable situations, including gambling-related vulnerability.

GAIN Credit, for example, has produced several different vulnerable customer personas which are available on the Money Worries Hub section of its website. They include a persona focused on gambling-related vulnerability. The personas are designed to show customers that they are not alone in experiencing problems with gambling; provide information about what the lender can do to help; and signpost to gambling self-help resources and services. GAIN Credit also hopes the information will encourage customers to disclose vulnerabilities including harmful gambling.

A credit union in the North West of England has a Wellbeing section on its website that it can direct members to for information and help on budgeting and money management. The Wellbeing webpages include information on gambling treatment and support services.

6.

COMMUNICATIONS

This chapter looks at possible approaches to communication with customers around gambling.

COMMUNICATIONS: THE FCA'S EXPECTATIONS

To treat vulnerable customers fairly, the FCA expects the firms it regulates to:

1. Ensure all communications and information about products and services are understandable for consumers in their target market and customer base.
2. Consider how they communicate with vulnerable consumers, taking into consideration their needs.
3. Where possible they should offer multiple channels so vulnerable consumers have a choice (FCA, 2021a).

These expectations apply equally to one-way communication from regulated firms to customers (such as marketing material or confirmation of advice letters) and two-way dialogue between regulated firms and customers (Money Advice Trust, 2021).

In this chapter we focus on:



Communicating with people affected by gambling-related vulnerability.

The potential impacts of gambling-related vulnerability (such as low concentration and heightened stress and worry) reinforce the need for clear, jargon-free communications.



Proactive communication around gambling: We use our qualitative research with regulated financial services firms to explore possible ways to approach proactive communication with customers around gambling. We also look at regulatory guidance to gambling operators about their customer interactions.

Key points

- Low literacy skills in the UK mean that simple, clear communications from regulated financial services firms and others are imperative. The potential impacts of gambling-related vulnerability further reinforce the need for clear, jargon-free communications. Mental health problems, which may co-occur with harmful gambling, can also impact people's ability to process information and make decisions.
- Open Banking offers opportunities for regulated firms to 'play back' objective information to customers and clients about their spending, including spending on gambling. This could include comparisons with some measure of 'average' spend.
- Regulatory guidance to gambling operators about their customer interactions may be informative for financial services firms. It includes making sure the interaction is appropriate to the extent of potential harm; tailoring messages to try and get the best outcome for customers; and helping customers understand why the operator is interacting with them.

COMMUNICATING WITH PEOPLE AFFECTED BY GAMBLING-RELATED VULNERABILITY

Low literacy skills in the UK mean that simple, clear communications from financial services firms and others are imperative. Around 16% of adults in England – over seven million people – have very poor literacy skills. This means they can understand short straightforward texts on familiar topics accurately and independently, and obtain information from everyday sources, but reading information from unfamiliar sources, or on unfamiliar topics, could cause problems (National Literacy Trust, 2017).

The potential impacts of gambling-related vulnerability described in Chapter 2 further reinforce the need for clear, jargon-free communications. These include:

- Low interest and poor concentration on anything other than gambling.
- Distorted views of money and debt.
- Heightened stress, anxiety and worry which may impair people's comprehension and communication skills.

Mental health problems, which may co-occur with harmful gambling, can also impact people's ability to process information and make decisions. An online survey by the Money and Mental Health Policy Institute asked people about the effect of their mental health problems on their ability to make a decision during recent loan applications. Findings from just over 3,000 participants showed that:

- **48%** were unable to weigh-up the advantages or disadvantages of the loan.
- **38%** were unable to remember what they had been told about the loan.
- **24%** were unable to understand the terms and conditions of the loan (cited in Fitch et al, 2017b).

PROACTIVE COMMUNICATION AROUND GAMBLING

Chapter 2 provided some practical examples of regulated firms' approaches to build skills and capabilities around customer interactions. Proactive communication by regulated firms with customers around gambling is an extension of this. Our discussions with regulated firms around proactive communication centred on two areas:

- Giving people information about their gambling spend.
- Targeted communication with customer segments at risk of harmful gambling.

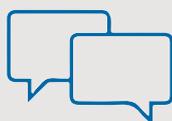
Below we provide some practical examples of these two approaches. Regulated firms also discussed opportunities to use social media to convey targeted messages around gambling, for example messages that come up on people's social media timelines about the gambling-related tools and resources they offer.

PROACTIVE COMMUNICATION:

PRACTICAL EXAMPLES OF WHAT REGULATED FIRMS ARE DOING

EXAMPLE 1: INFORMATION ABOUT GAMBLING SPEND

Open Banking data and secure messaging has provided South Manchester Credit Union with an opportunity to help its members understand their spending on gambling. When members apply for a loan, the credit union analyses up to three months of Open Banking data to assess affordability. In cases where the Open Banking data shows gambling transactions, the credit union shares its analysis of account-based gambling spend with members through secure messaging. Where members have provided feedback, it suggests they were previously unaware of their gambling spend.



“We gather together 3 months of data through Open Banking and look at expenditure month by month. We then feed this information directly back to the member with the following words: ‘as part of our assessment we have been looking at your affordability from the bank information you provided and we can see that you’ve spent this amount on gambling this month’. We then just wait for a response from the member through our secure messaging. We have seen that it can come back in quite a few different ways. But I think most, the majority, of members aren’t aware of how much they’re spending.” Loan officer, South Manchester Credit Union.

At another credit union that uses Open Banking data to assess affordability, if gambling is part of the reason a member is denied the full loan amount they applied for but the credit union can lend a lower amount, loan officers now have a conversation to flag the impact of gambling on their loan outcome. The offer of a lower loan amount is an incentive for members to engage in the conversation.

Another option for regulated firms to consider is ‘norming’ communications around gambling spend, where a customer’s account-based gambling spend is compared with average spend. The point of comparison could be regulated firms’ own customer base or population statistics. The Living Costs and Food Survey shows that average UK weekly household expenditure on gambling payments (which includes households that spend nothing on gambling) was £2.40 in 2020 (ONS, 2021).

EXAMPLE 2: TARGETED CUSTOMER COMMUNICATION

As part of its gambling strategy, a major bank has been piloting a targeted mailout by letter and email to customers at risk of gambling-related financial harm. It identified this customer segment using data analytics based on a set of stringent criteria. The supportive tone of the communication is around ‘helping you with your finances’ and customers are offered tools and resources to reduce or stop gambling. While the communication does reference gambling transactions on the customer’s account, it does not mention amounts spent or other details. The mailout has been rolled out gradually so the bank can monitor customer feedback. It also plans to monitor the impact this communication has on gambling spend.

PROACTIVE INTERVENTION IN THE GAMBLING INDUSTRY

Regulatory guidance to gambling operators about customer interactions may be informative for financial services firms in developing their own approaches to gambling-related vulnerability.

All gambling operators that are licensed by the Gambling Commission are required to interact with customers in a way which minimises the risk of customers experiencing harms associated with gambling. The Gambling Commission sets out three parts to a customer interaction that is the same for remote and premises-based gambling operators (Gambling Commission 2019a, 2019b):

Observation:	Behaviour or activity operators have spotted or something the customer tells them.
Action:	Contact by the operator to prompt the customer to think about their gambling, for the operator to find out more, and an opportunity for the operator to offer information or support.
Outcome:	What the gambling operator or customer did next. Operators may need to monitor the customer's gambling to spot any change that might prompt further action.

The Gambling Commission's guidance on **action** may be helpful to regulated financial services firms:

1. Choose the type of interaction based on the extent of potential harm, for example ranging from automated responses to human contact.
2. Tailor the messaging to try and get the best outcome for the customer.
3. Help the customer understand why the operator is interacting with them, such as describing the type of behaviour they display or offering support where appropriate.
4. Trial and evaluate different approaches to customer interaction (including messaging) to see what works (Gambling Commission 2019a, 2019b).

Most people with experience of harmful gambling that we spoke to said they had not received any proactive intervention from gambling operators. There were a few examples, however, of positive experiences and outcomes from proactive intervention as we describe below.

Examples from lived experience

Michelle has experienced harmful gambling with online slots. One online gambling operator telephoned and emailed her multiple times about her repeat deposits. She did not respond to the communications which resulted in the operator blocking her from the site. This proved to be a turning point for Michelle and she has not gone back to online slots since.



"...Since they've blocked me themselves, the site, it's kind of like been a bit of a wake-up call because they've picked up on it. So I'm thinking if the banks did that ages ago then maybe I might not be in such a, you know, tricky situation."

Clare has self-excluded and set limits on several sites because she is concerned about the amount she spends on online bingo and slots, especially since the pandemic. She highlighted a positive experience with the Safe Play team from one online bingo site:



"Somebody from their Safe Play Team rang me and asked me did I realise what self-exclusion was and I said yes, and she said, do you have a problem? I said no but it's starting to be a problem... they recommended 4 or 5 places, I didn't need to go there but it was nice to actually have that as a, you know, as a back-up."

7.

MONITORING AND EVALUATION

This chapter looks briefly at outcome measurement in relation to gambling-related vulnerability.

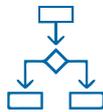
MONITORING AND EVALUATION: THE FCA'S EXPECTATIONS

The FCA expects regulated firms to monitor and evaluate whether vulnerable consumers have outcomes as good as other consumers and take steps where they fall short. It expects firms to:

1. Implement appropriate processes to evaluate where they have not met the needs of vulnerable consumers, so that they can make improvements.
2. Produce and regularly review management information, appropriate to the nature of their business on the outcomes they are delivering for vulnerable consumers (FCA, 2021a).

This includes firms introducing data collection measures, information systems, and analytics to evaluate where vulnerable consumer need has (and has not) been met at an individual and aggregate level (Money Advice Trust, 2021), including gambling-related vulnerability.

In this chapter we focus on:



Outcome measurement: We look at the factors to consider in deciding how regulated firms measure outcomes for customers at risk of harmful gambling and suggest some examples of outcome measures and indicators.



Monitoring and evaluation processes: We consider the types of data that regulated firms can use to monitor and evaluate the outcomes for customers at risk of harmful gambling.

Key points

- Effective monitoring and evaluation are imperative to ensuring that consumers in vulnerable situations, including people affected by gambling-related vulnerability, have outcomes as good as other customers.
- As we saw in earlier chapters, people can experience financial and non-financial harm from harmful gambling; their experience of gambling can escalate quickly to the point of harm; and harms can ebb and flow over time.

OUTCOME MEASUREMENT

Outcome measurement means assessing whether a regulated firm’s action, policy or intervention resulted in a change (something happened) or no change (nothing happened).

The outcomes that regulated firms measure will depend on their product range, how they operate (face-to-face, by telephone, online), and the support they offer. Where regulated firms have products or features designed with gambling-related vulnerability in mind, they will want to establish metrics around their use and impact (Fitch et al, 2020a).

Table 7.1 gives some examples of outcome measures and indicators for gambling-related vulnerability based on the FCA’s expectations for the fair treatment of vulnerable consumers.

Table 7.1 Examples of outcome measures for gambling-related vulnerability

FCA expectation	Example activities	Example outcomes	Example indicators
Understanding customers’ needs	Data analysis to understand extent and nature of gambling-related vulnerability among customers.	Customers at risk of harmful gambling are identified using robust, firm-specific criteria.	Number of customers identified as at risk of harmful gambling; differences by product and channel.
Skills and capability	Training for frontline staff on identifying and responding to gambling-related vulnerability.	Customers are routinely asked about gambling where appropriate, in an objective way.	Number of interactions about gambling and proportion that are appropriate; customer satisfaction.
Product and service design	Develop lending criteria to reduce harm from gambling-related debt.	Customers at risk of harmful gambling do not pay for gambling using borrowed funds.	Number of customers at risk of harmful gambling who fall behind with debt payments.
Customer service	Enable digital disclosure of gambling-related vulnerability.	Customers receive an appropriate response to digital disclosure of harmful gambling.	Number of disclosures of gambling-related vulnerability; actions taken as a result.
Communications	Targeted information to customers at risk of harmful gambling.	Customers change their gambling in ways that reduce harm.	Number of targeted customers who reduce gambling spend compared to a control group who did not receive the information.

MONITORING AND EVALUATING OUTCOMES

The monitoring and evaluation processes that regulated firms put in place to assess outcomes for people impacted by gambling-related vulnerability will similarly depend on their product range, their operational processes, the support they offer, but also the data that is available to them. Figure 7.1 below from Fitch et al (2020a) sets out the types of management information that regulated firms can use to monitor and evaluate customer outcomes.

Figure 7.1 Management information to monitor and evaluate vulnerable customer outcomes



Source: Fitch et al, 2020a, page 28

MONITORING AND EVALUATION: WHAT ARE REGULATED FIRMS DOING?

One bank in our qualitative research uses several processes to monitor and evaluate outcomes for vulnerable customers, including those experiencing harmful gambling:

- **Targeted call reviews:** where there has been a disclosure of vulnerability, call reviews look at the disclosure and previous interactions to see if there were missed opportunities or triggers.
- **Root cause analysis:** customer and staff feedback is reviewed to identify any issues that need to be addressed or systems and processes improved.
- **Complaints analysis:** analysis of customer complaints is used to inform lessons learned and identify areas for improvement.

CONCLUSION

At a conservative estimate, at least one in ten adults in Britain – five million people – experience harmful gambling, either because of their own gambling or someone else's.

Gambling-related vulnerability can present a unique set of challenges because of its complexity, the fact that the customer may not be fully in control of their decisions or actions, and the fact that it may not always be clear what a regulated financial services firm can do to ensure the fair treatment of customers in this situation.

Using real-life practical examples, this guide shows how regulated financial services firms can translate the FCA's expectations on vulnerability into practical action when it comes to identifying and supporting customers at risk of harmful gambling. It demonstrates that regulated financial services firms are well-placed to address the financial harms linked to gambling-related vulnerability. Doing this may have knock-on benefits for other dimensions of gambling harm, such as people's mental health.



RESEARCH METHODS APPENDIX

EVIDENCE REVIEW

We conducted a rapid review of published UK and international evidence to inform our primary research and to provide context for the guide. The review focused mainly on academic research.

RESOURCE AUDIT

We conducted an audit of resources to understand the types of resources, guidance and training that are available for regulated financial services firms around harmful gambling and gambling-related vulnerability. The audit comprised targeted web searches of gambling treatment and support organisations; research and policy organisations that work on gambling issues; and money advice organisations. We also checked the organisations to which gambling operators may direct their annual financial contribution for gambling research, prevention and treatment, which are listed on the Gambling Commission's website.

While there are a growing number of resources for regulated firms on the topic of consumer vulnerability¹⁵, there are relatively few that focus on gambling and harmful gambling. These include GamCare's Gambling-Related Financial Harms Toolkit and Citizens Advice Gambling Support Service¹⁶. Organisations that provide training to regulated firms on gambling include the Money Advice Trust, BetKnowMore, Epic Risk Management and GamCare.

IN-DEPTH INTERVIEWS WITH PEOPLE AFFECTED BY HARMFUL GAMBLING

We conducted 20 interviews in total with people affected by harmful gambling. Of these 20, 14 were people who had concerns about their own gambling; the other six were people affected by someone else's gambling (usually a partner or ex-partner). Most of the participants (17) were recruited to the research by a professional recruiter using a screening questionnaire designed by the University of Bristol research team. The other three participants were recruited through the MAGPIE mailing list in response to an invitation to participate in a newsletter that was sent to all mailing list subscribers. All participants received a £40 Amazon voucher as a thank-you.

Table A1 Sample design

Characteristic	Number of participants
Professionally recruited	17
Recruited through MAGPIE mailing list	3
Concerns about own gambling	14
Affected other	6
Women	9
Men	11
In their 20s	3
In their 30s	10
In their 40s	3
In their 50s	4

¹⁵ See for example <https://www.moneyadvicetrust.org/training-and-consultancy/vulnerability-resources/>

¹⁶ This service ceased in May 2021.

The interviews were conducted by videoconference and explored people's views and experiences of gambling and harmful gambling; their interaction (if any) with financial services firms; and ideas about what financial services and others could do to reduce harmful gambling. The interviews were recorded (with participants' permission) and fully transcribed for thematic analysis. Where permission was not given for recording, researchers took notes.

In the guide, we use anonymised verbatim quotes from our interviewees and anonymised case studies that are based on interviewees direct experiences. We use pseudonyms throughout the guide.

QUALITATIVE RESEARCH WITH REGULATED FIRMS

We conducted six group discussions with regulated firms and individuals. Two of the six groups comprised debt advisers who were recruited with the help of the Institute of Money Advisers (of which participants were members). Four of the six groups were with representatives of financial services firms (comprising banks, non-bank lenders, non-profit lenders, and a national debt charity) who were recruited through trade bodies and personal contact. We also conducted 10 interviews, six with representatives of financial services firms and four with debt advisers who were members of the Institute of Money Advisers.

These discussion groups and interviews explored participants' experiences of dealing with people affected by harmful gambling; what tools and resources were available to them now and what might help them support people in this situation; and ideas for a practical guide about harmful gambling.

The discussion groups and interviews were conducted by videoconference and telephone. They were recorded (with participants' permission) and fully transcribed for thematic analysis. Where permission was not given for recording, researchers took notes.

In the guide, we use the qualitative data from regulated firms to explore the issues that they face in identifying and responding to gambling-related vulnerability; and to share practical examples of what regulated firms are doing to identify and support customers at risk of harmful gambling.

QUALITATIVE RESEARCH WITH GAMBLING TREATMENT AND SUPPORT PROFESSIONALS

We conducted a discussion group and an in-depth interview with gambling treatment and support professionals who were recruited with the help of GamCare and GambleAware. The discussion group and interview asked about their experience of working with people affected by harmful gambling, including having conversations around gambling and common misconceptions about gambling and harmful gambling; and the advice they would give to regulated firms when responding to people affected by harmful gambling.

The discussion groups and interviews were conducted by videoconference and telephone. They were recorded (with participants' permission) and fully transcribed for thematic analysis.

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