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## Gambling Commission investigation into systemic failures in player protection at PT Entertainment Services (PTES) leads to company closure

The Gambling Commission today published the findings of an investigation into PT Entertainment Services (PTES) – who used to trade

player protection.

In March 2019 the regulator began an investigation after being contacted by the family of a man who tragically took his own life in April 2017 aged 25. Although PTES surrendered its licence during the investigation the Commission decided that it was in the public interest to complete the investigation and publish its findings.

The Commission's investigation identified serious systemic failings in the way PTES managed its social responsibility and anti-money laundering processes. In relation to the young man in question, the Commission concluded that the operator failed to carry out any responsible gambling customer interactions even though it was aware that several of his debit card transactions had been declined. PTES also provided him with VIP status without verifying that he could afford to spend the amounts of money he was playing with - all of which are serious and unacceptable failings.

The investigation also revealed more general failings in the way PTES interacted with its highest spending customers. If the licence had not been surrendered the Commission would have imposed a financial penalty of £3.5million and considered whether other sanctions were appropriate. The Commission is continuing to investigate the role played by key individuals at PTES who still hold personal licences and will take any appropriate action following completion of further investigations.

Neil McArthur, the Commission's Chief Executive, said: "This is a tragic case which came to light after I was contacted by the family of the young man who very sadly took his own life. I want to thank them for their bravery in bringing his case to our

attention and we are grateful for the way they have worked with us in such terrible circumstances so that we could understand what happened.”

“Although PTES has ceased trading we decided to complete our investigation and publish our findings, as the lessons from this tragic case must be learned by all operators.’

“Our investigations into the role played by key individuals at PTES are continuing. As such, it would be inappropriate to say more about the specific case at this time.

“This case – like so many others we have seen – illustrates why the management of so-called ‘high value customers’ has to change. Operators must do everything in their power to interact with customers responsibly. We will shortly be opening a consultation to make permanent changes to the way operators recruit and incentivise high value customers.”

### Notes to editors

1. More information about [how we regulate](#) the gambling industry.
2. Useful [statistics on the gambling industry](#).
3. Our [approach to enforcement](#).
4. Journalists can contact our press office on 0121 230 6700 or email: [communications@gamblingcommission.gov.uk](mailto:communications@gamblingcommission.gov.uk)

## Public Statement PT Entertainment Services Limited (PTES) Trading as winner.co.uk and titanbet.co.uk:

### Executive summary

In May 2019, the Gambling Commission (the Commission) started a review of the operating licence of PTES, arising from the death by suicide of one of its customers.

Prior to completion of the review, PTES surrendered its operating licence.

The Commission decided to complete its investigation in order to determine the facts of the case. It has found that PTES was guilty of serious failures in relation to anti-money laundering and social responsibility obligations. These failures also amounted to a neglect to uphold the licensing objectives in relation to prevention of crime and protecting vulnerable people from being harmed or exploited by gambling.

The Commission decided to publish its findings in the public interest and so that other operators may learn from the issues identified in this case.

## History

In November 2018, the relatives of Customer A, notified the Commission of his death by suicide, aged 25 in April 2017.

PTES had not notified the Commission of his death. It states that it was not obliged to do so. The Commission commenced an investigation. This revealed the following history.

PTES held an operating licence entitling it to provide on-line casino, betting and other facilities.

On 26 December 2016 Customer A opened a Winner account. PTES suspended the account on 12 April 2017 following notification of his suicide. During this period, Customer A deposited £148,095 and withdrew £114,027, leaving a net loss of £34,068.[1]

On the day he opened his account, two deposits from his debit card were declined by his bank. He did however succeed in depositing £18,700 into his account on 26 and 27 December. These were far higher than the average customer deposit with PTES.[1] Customer A also opened a Titan account in December 2016, into which he deposited £2,800, subsequently losing the entire sum.

On 28 December, a further deposit of £4,000 was declined by Customer A's bank (Royal Bank of Scotland).

On the same day, PTES' VIP manager emailed Customer A to offer him a free gift of his choice, stating he hoped to see him soon in the Exclusive VIP club, where he would benefit from various free bonuses and promotions.

Customer A chose an Apple Watch and was advised that his request had been escalated. Customer A emailed PTES stating:

*"I find it really welcoming you getting me this gift, none of the other sites I use have done this for me considering I wager much more with them."*

On 29 December, an internal email was sent pointing out that Customer A had incurred a net loss of £22,000, that he was 25 years old and that PTES did not know his occupation.

PTES gave no consideration to social responsibility or problem gambling checks, despite a) the level of Customer A's deposits, b) the declined debit card payments c) the fact that PTES did not even know his occupation or whether he could afford that level of gambling and d) the fact that he stated he was gambling even more on other gambling websites.

Rather, PTES emailed Customer A inviting him to take part in a promotion called Jackpot Giant, with a chance to win more than £3.5 million from the prize pot. The email stated: "*Grab this opportunity to earn millions!*" This amounted to an inducement to encourage more and higher levels of play when PTES had not assured itself that such play was affordable.

Customer A won a substantial amount of money within days of opening his Winner account. When he attempted to withdraw the winnings, he was subject to source of funds checks by PTES. PTES was satisfied as to the source of funds and Customer A was authorised to withdraw his winnings.

During the period 26 December 2016 to April 2017, Customer A bet a total of £4,458,782, with a total game win of £4,465,007, on roulette and blackjack live. During that whole period, PTES failed to carry out any responsible gambling customer interaction with Customer A.

Indeed, in the period 1 – 5 April 2017, Customer A deposited and lost £119,395, with no information obtained by PTES to verify whether he could afford that level of play.

The Commission broadened its investigation to PTES' top 20 customer accounts according to amount lost and 20 top accounts according to amounts won.

These showed that there had only been two customer interactions in the first category and one customer interaction in the second category. Of the forty customers in question, 39 had automatically been given VIP status.

During the period 2016/2017, PTES had 240,126 active customers. Of these, 633 were sent responsible gambling emails, i.e. 0.26%. This is an exceptionally low figure.

The evidence in relation to Customer A, the top 20 winning and losing customers and the customer base overall shows a systemic failure of social responsibility.

## **Failings**

The Commission identified the following failings:

### Money Laundering

- Condition 12.1.1 of PTES' operating licence required it to conduct a risk assessment in relation to money laundering and terrorist financing. Although PTES had carried out an assessment of risk, it did not have in place a formal risk assessment which identified risk and appropriate mitigation
- Licence Condition 12.1.1 also required it to have in place appropriate policies, procedures and controls to prevent money laundering and terrorist financing, following and having regard to the risk assessment. Given that there was no proper risk assessment, it was in breach of the Licence Condition
- 12.1.1 also required it to review such policies and revise them as appropriate. PTES had not complied with this obligation
- Licence Condition 12.1.2 required it to comply with the Money Laundering Regulations in relation to its casino activities. The Regulations require the ongoing monitoring of business relationships with customers. PTES breached that requirement in relation to Customer A

The failures in PTES' anti-money laundering policies and procedures occurred between October 2016 and September 2017.

### Social responsibility

- The Gambling Commission's Social Responsibility Code 3.4.1 required licensees to put into effect policies and procedures for customer interaction where they had concerns that a customer's behaviour may indicate problem gambling, with specific provision for those designated as high value or VIP customers. PTES breached this Code because part of its responsible gambling triggers required the customer to be active for between two and six months, which left customers exposed when gambling for shorter periods, as was the case for Customer A. Furthermore, PTES had no specific provision for VIP customers, and there was a clear lack of policy and training given to staff on how to manage so-called VIP relationships and minimise harm.

The failures in PTES' social responsibility policies and procedures occurred between May 2015 and September 2017.

Prior to surrender of its operating licence, PTES made a number of financial settlement offers which the Commission regarded as seriously deficient. PTES proceeded to donate £619,395, the amount it proposed as a regulatory settlement offer on 30 October 2019, to charity in furtherance of the National Strategy to Reduce Gambling Harms.

Playtech, its parent company, has also pledged to donate a total of £5 million to mental health and gambling-related harm charities over the next five years as part of its strategy to promote better online health.

The Commission considers a financial penalty of at least £3.5 million would have been appropriate taking into account the Commission's [indicative sanctions guidance](#) and the representations from PTES. Due to the surrender of the operating

licence that sum was not adjudicated upon by a Regulatory Panel and PTES cannot be required to pay it.

### Learnings from the case

Gambling operators are reminded that breaches of licence conditions and social responsibility code provisions are criminal offences.

They should take account of the failings identified in this investigation in planning and reviewing their own anti-money laundering (AML) and social responsibility (SR) measures. They should consider the following questions:

- Do you have an effective VIP framework that ensures the bonuses and incentives are offered in a manner which is consistent with the licensing objectives?
- Are your policies and procedures for identifying high risk customers for AML and SR being implemented effectively to safeguard customers?
- Do you give equal consideration when interacting with customers in respect of potential AML breaches and social responsibility breaches?
- Do you conduct problem gambling interactions regardless of whether a customer is a winning customer or not?
- Is your AML policy clear that when a winning customer withdraws their winnings and later gambles there is still a requirement under The Money Laundering, Terrorist Financing and Transfer of Funds (Information of the Payer) Regulations 2017 to conduct ongoing monitoring? There should not be an assumption that the money relates to previous winnings.
- Is your money laundering and terrorist financing (MLTF) risk assessment in line with the 2017 Regulations and the Commission's 'The prevention of money laundering and combating the financing of terrorism - Guidance for remote and non-remote casinos Fifth edition (January 2020)'?

[1] Customer A also opened a Titan account in December 2016, into which he deposited £2,800, subsequently losing the entire sum.

Posted on 27 May 2020

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