

Bet365 to pay £582,120 for regulatory failures

04 April 2024

Bet365 is to pay £582,120 for anti-money laundering and social responsibility failures at its online business.

Hillside (UK Gaming) ENC, which holds a licence for Bet365's bingo and casino products, will pay £343,035 and Hillside (UK Sports) ENC, which holds a licence to offer betting, will pay £239,085.

All £582,120 will be directed towards [socially responsible causes](#) (/licensees-and-businesses/page/regulatory-settlements-applied-for-socially-responsible-purposes) ¹ as part of a regulatory settlement with the Commission.

The failings were discovered during a Commission compliance assessment in March 2022.

Social responsibility failures included:

- interactions with customers were frequently not tailored to the specific customer journey or spectrum of harm and therefore interactions were not meaningful
- an Early Risk Detection System was not demonstrably effective in understanding the impact of individual interactions on a customer's behaviour and whether further action was required
- its approach to evaluation meant that it was unable to effectively ascertain whether a customer had read and understood the information or advice provided

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Anti-money laundering failures included:

- having [enhanced customer due diligence](#) (/guidance/the-prevention-of-money-laundering-and-combating-the-financing-of-terrorism/prevention-of-ml-and-combating-the-financing-of-terrorism-part-6-7-Enhanced-customer-due-diligence-and-enhanced-ongoing-monitoring) and [know your customer](#) (/guidance/duties-and-responsibilities-under-the-proceeds-of-crime-act-2002/poca-part-2-5-customer-relationships) triggers that were ineffective at managing money laundering risk
- failing to undertake [financial sanctions](#) (/guidance/the-prevention-of-money-laundering-and-combating-the-financing-of-terrorism/prevention-of-ml-and-combating-the-financing-of-terrorism-part-6-18-List-of-persons-subject-to-financial-restrictions) checks on new customers prior to their first deposits
- failing to undertake independent verification checks and over relied on customers' annual self-verification of know your customer information, such as identification documents
- its procedure document contained inadequate detail as to who would be deemed "at risk" and "not at risk" for customer risk profiling.

Kay Roberts, Executive Director of Operations, said: "The policy and procedural failings may not have been as severe as those at other gambling businesses in recent years but they were failings nonetheless.

"We expect high standards from operators in terms of keeping gambling safe, fair and crime-free, and will always take action to correct any failings. This operator is very aware that a repeat of these failings will result in escalating regulatory action."

Public statements

Hillside (UK Gaming) ENC Public

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Published: 4 April 2024

Read the public statement (</public-register/public-statement/detail/hillside-uk-gaming-enc-public-statement>)

Hillside (UK Sports) ENC Public Statement

Published: 4 April 2024

Read the public statement (</public-register/public-statement/detail/hillside-uk-sports-enc-public-statement>)

Note to editors

¹ In Commission enforcement cases regulatory settlement funds are directed towards [socially responsible causes](/licensees-and-businesses/page/regulatory-settlements-applied-for-socially-responsible-purposes) (</licensees-and-businesses/page/regulatory-settlements-applied-for-socially-responsible-purposes>). When the Commission imposes a fine the money goes to HM Treasury.

For all media enquiries, please contact the [Gambling Commission press office](/contact-us/guide/journalists-and-researchers) (</contact-us/guide/journalists-and-researchers>).

Last updated: 4 April 2024

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Public statement

Hillside (UK Gaming) ENC Public Statement

Published: 4 April 2024

Our public statements make reference to breaches of the [Licence Conditions and Codes of Practice \(LCCP\)](#) ([/licensees-and-businesses/lccp](#)) requirements which were in effect at the time of the breach. In some cases, the requirements have since been updated.

Operators are expected to consider the issues outlined below and review their own practices to identify and implement improvements in respect of the management of customers' accounts.

Introduction

Licensed gambling operators have a legal duty to ensure their gambling facilities are provided in compliance with the [Gambling Act 2005](#) ([opens in new tab](#)) ([Link: https://www.legislation.gov.uk/ukpga/2005/19/contents](https://www.legislation.gov.uk/ukpga/2005/19/contents))(the Act), the conditions of their licence and in accordance with the licensing objectives, which are to:

- prevent gambling from being a source of crime or disorder, being associated with crime or disorder or being used to support crime
- ensure that gambling is conducted in a fair, safe and open way

- protect children and other vulnerable people from being harmed or exploited by gambling.

Hillside (UK Gaming) ENC Executive Summary

The Gambling Commission commenced a section 116 regulatory review of Hillside (UK Gaming) ENC (the Licensee) - Remote Bingo and Casino Operating Licence Number 055149- R-331499-002 - following a compliance assessment conducted in March 2022.

The regulatory review found failings in the Licensee's processes aimed at preventing Money Laundering (ML) and protecting individuals from being harmed or exploited by gambling.

The Licensee failed to comply with the following Licence Conditions and Codes of Practice (LCCP):

- paragraph 2 of licence condition 12.1.1, requiring operators to comply with the prevention of ML and Terrorist Financing (TF), between May 2021 and July 2022
- licence condition 12.1.2, requiring operators based in foreign jurisdictions to comply with the Money Laundering, Terrorist Financing and Transfer of Funds (Information of the Payer) Regulations 2017 (the 2017 Regulations), between May 2021 and July 2022
- paragraphs 1b and 1c of Social Responsibility Code Provision (SRCP) 3.4.1, requiring licensees to interact with customers in a way which minimises the risk of customers experiencing harms associated with gambling, between October 2021 and September 2022.

Taking into account remedial action taken by the Licensee and in line with our [Statement of principles for licensing and regulation \(/policy/statement-of-principles-for-licensing-and-regulation\)](#), the Licensee will pay a total of £343,035 in lieu of a financial penalty.

Hillside (UK Gaming) ENC Findings

The investigation and our subsequent regulatory review found the Licensee had:

Breached paragraph 2 of licence condition 12.1.1 (Prevention of money laundering and terrorist financing) between May 2021 and July 2022

Licence condition 12.1.1(2) states: “Following completion of and having regard to the risk assessment, and any review of the assessment, licensees must ensure they have appropriate policies, procedures and controls to prevent money laundering and terrorist financing.”

The Licensee accepted that, at the time of the assessment:

- the [enhanced customer due diligence](#) (/guidance/the-prevention-of-money-laundering-and-combating-the-financing-of-terrorism/prevention-of-ml-and-combating-the-financing-of-terrorism-part-6-7-Enhanced-customer-due-diligence-and-enhanced-ongoing-monitoring) triggers in place were ineffective at managing ML risk
- it failed to undertake [financial sanctions checks](#) (/guidance/the-prevention-of-money-laundering-and-combating-the-financing-of-terrorism/prevention-of-ml-and-combating-the-financing-of-terrorism-part-6-18-List-of-persons-subject-to-financial-restrictions) on new customers prior to their first deposits
- it failed to undertake independent verification checks and over relied on customers’ annual self-verification of customer due diligence information, such as identification documents
- its procedure document contained inadequate detail as to who would be deemed “at risk” and “not at risk” for customer risk profiling.

The Commission’s review of the specific customers identified during the compliance assessment found no

evidence of criminal spend with the Licensee or the acceptance of funds from persons subject to financial sanctions.

Breached licence condition 12.1.2 (Anti-Money Laundering - Measures for operators based in foreign jurisdictions) between May 2021 and July 2022

Licence condition 12.1.2 has been in place since October 2016 and requires that: “Licensees must comply with Parts 2 and 3 of the Money Laundering Regulations 2007 (UK Statutory Instrument No. 2157 of 2007) as amended by the Money Laundering (Amendment) Regulations 2007 (UK Statutory Instrument No. 3299 of 2007), or the equivalent requirements of any UK Statutory Instrument by which those regulations are amended or superseded insofar as they relate to casinos (the MLR) whether or not the MLR otherwise apply to their business”.

Hillside (UK Gaming) ENC accepted it breached this licence condition as the AML failings, set out above, constitute a breach of the 2017 Regulations, namely:

- Regulation 28(11)(a) requires ongoing monitoring of a business relationship which includes, where necessary, checking source of funds to ensure that the transactions are consistent with the relevant person’s knowledge of the customer, the customer’s business and risk profile
- Regulation 33 imposes an obligation to apply enhanced customer due diligence measures and enhanced ongoing monitoring in any case identified as one where there is a high risk of ML or TF.

Failed to comply with paragraphs 1b and 1c of SRCP 3.4.1 (Customer

Interaction) between October 2021 to September 2022

Compliance with a SRCP is a condition of the licence by virtue of section 82(1) of the Act. SRCP 3.4.1 (in force from 31 October 2019 until 11 September 2022) states:

“1. Licensees must interact with customers in a way which minimises the risk of customers experiencing harms associated with gambling. This must include:

- b. interacting with customers who may be at risk of or experiencing harms associated with gambling.
- c. understanding the impact of the interaction on the customer, and the effectiveness of the Licensee’s actions and approach”.

The Licensee accepted that at the time of the assessment:

- interactions were frequently not tailored to the specific customer journey or spectrum of harm and therefore interactions were not meaningful
- its Early Risk Detection System was not demonstrably effective in understanding the impact of individual interactions on a customer’s behaviour and whether further action was required
- its approach to evaluation meant that it was unable to effectively ascertain whether a customer had read and understood the information or advice provided within its interactions.

Hillside (UK Gaming) ENC Regulatory Settlement

This regulatory settlement consists of:

- a payment of £343,035 in lieu of a financial penalty, which will be directed towards [socially responsible causes](#) (/licensees-and-businesses/page/regulatory-settlements-applied-for-socially-responsible-purposes)
- agreement to the publication of a statement of facts in relation to this case

- payment of £15,684.50 towards the Commission's costs of investigating the case.

In considering an appropriate resolution to this investigation, the Commission has had regard to the following aggravating and mitigating factors:

Aggravating factors

- there has been a repeated breach or failure by the operator
- the breach arose in circumstances that were similar to previous cases the Commission has dealt with which resulted in the publication of lessons to be learned for the wider industry
- the breach continued after the licensee became aware of it
- the scale of the breach of a licence condition across the licensed entity
- the impact on customers and the public
- the absence of internal controls or procedures intended to prevent the breach.
- the duration of the breach.

Mitigating factors

- the extent of steps taken to remedy the breach
- timely co-operation with any investigation undertaken by the Commission.

Good practice

Gambling operators should take account of the failings identified in this investigation to ensure industry learning. Operators should consider the following questions:

- do you have formal processes in place to measure the effectiveness of your anti-money laundering and

safer gambling policies and are findings adequately recorded?

- do you efficiently record all compliance-related decisions and are you able to demonstrate to the Commission, on request, evidence of ongoing assessment, evaluation and improvement?
- do lessons learned from public statements flow into your policies and procedures?
- do you undertake financial sanctions checks on new customers prior to their first deposits?
- are your customer risk profiles informed by or linked to your ML and TF risk assessment?
- do you have a formalised process for analysing the effectiveness of customer interactions to ensure that reviews were adequately documented and consistent in their approach?
- do you log the types of behaviour which have triggered a customer interaction and keep sufficient records of interactions, along with decisions not to interact especially in terms of the level of detail provided?
- have your staff received sufficient anti-money laundering and social responsibility training?

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Public statement

Hillside (UK Sports) ENC Public Statement

Published: 4 April 2024

Our public statements make reference to breaches of the [Licence Conditions and Codes of Practice \(LCCP\)](#) ([/licensees-and-businesses/lccp](#)) requirements which were in effect at the time of the breach. In some cases, the requirements have since been updated.

Operators are expected to consider the issues outlined below and review their own practices to identify and implement improvements in respect of the management of customers' accounts.

Introduction

Licensed gambling operators have a legal duty to ensure their gambling facilities are provided in compliance with the [Gambling Act 2005](#) ([opens in new tab](#)) ([Link: https://www.legislation.gov.uk/ukpga/2005/19/contents](https://www.legislation.gov.uk/ukpga/2005/19/contents))(the Act), the conditions of their licence and in accordance with the licensing objectives, which are to:

- prevent gambling from being a source of crime or disorder, being associated with crime or disorder or being used to support crime
- ensure that gambling is conducted in a fair, safe and open way

- protect children and other vulnerable people from being harmed or exploited by gambling.

Hillside (UK Sports) ENC Executive Summary

The Gambling Commission commenced a section 116 regulatory review of Hillside (UK Sports) ENC (the Licensee) - General Betting Standard - Real Event, General Betting Standard - Virtual Event, and Pool Betting – Remote, Licence Number 055148-R-331498-001 - following a compliance assessment conducted in March 2022.

The regulatory review found failings in the Licensee's processes aimed at preventing Money Laundering (ML) and protecting individuals from being harmed or exploited by gambling.

The Licensee failed to comply with the following Licence Conditions and Codes of Practice (LCCP):

- paragraph 2 of licence condition 12.1.1, requiring operators to comply with the prevention of ML and Terrorist Financing (TF), between May 2021 and July 2022
- paragraphs 1b and 1c of Social Responsibility Code Provision (SRCP) 3.4.1, requiring licensees to interact with customers in a way which minimises the risk of customers experiencing harms associated with gambling, between October 2021 and September 2022.

Taking into account remedial action taken by the Licensee and in line with our [Statement of principles for licensing and regulation](#) (</policy/statement-of-principles-for-licensing-and-regulation>), the Licensee will pay a total of £239,085 in lieu of a financial penalty.

Hillside (UK Sports) ENC Findings

The investigation and our subsequent regulatory review found the Licensee had:

Breached paragraph 2 of licence condition 12.1.1 between May 2021 and July 2022

Licence condition 12.1.1(2) states: “Following completion of and having regard to the risk assessment, and any review of the assessment, licensees must ensure they have appropriate policies, procedures and controls to prevent money laundering and terrorist financing.”

The Licensee accepted that, at the time of the assessment:

- the [know your customer](#) (/guidance/duties-and-responsibilities-under-the-proceeds-of-crime-act-2002/poca-part-2-5-customer-relationships) triggers in place were ineffective at managing ML risk
- it failed to undertake [financial sanctions checks](#) ([opens in a new tab](#)) (<https://www.gov.uk/government/publications/financial-sanctions-consolidated-list-of-targets>) on new customers prior to their first deposits
- it failed to undertake independent verification checks and over relied on customers’ annual self-verification of know your customer information, such as identification documents
- its procedure document contained inadequate detail as to who would be deemed “at risk” and “not at risk” for customer risk profiling.

The Commission’s review of the specific customers identified during the compliance assessment found no evidence of criminal spend with the Licensee or the acceptance of funds from persons subject to financial sanctions.

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(Customer Interaction) between October 2021 to September 2022

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- have your staff received sufficient anti-money laundering and social responsibility training?