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14th July 2014

Dear Elspeth,

CONSUMER RIGHTS BILL - SECOND READING

I am writing in respect of two issues that you raised with the Business Innovation and Skills Minister during debate on the Consumer Rights Bill last Tuesday.

Financial transaction blocking - Gambling (Licensing and Advertising) Act

All gambling operators selling to consumers in Great Britain will be subject to robust and consistent regulation when the Gambling (Licensing and Advertising) Act 2014 comes into force on 1st October. I understand your concern about ensuring effective enforcement of the law, and can assure you that this is also a high priority for the Government. But Government remains of the view - as set out during the Act's passage through Parliament - that a non-legislative approach is the most appropriate route to take this forward.

The three organisations with which the Gambling Commission has reached agreement - MasterCard, Visa Europe and PayPal - share the Commission's and the Government's strong commitment to combat illegal activity. No payment system organisation wants, or can afford, to be associated with illegal activity, and this strong shared objective underpins the voluntary agreement and will be a powerful driver of its effectiveness. These three organisations cover the vast majority of relevant financial transactions.

During last week's debate on the Consumer Rights Bill, you requested an update on developments in relation to these voluntary agreements, which I am happy to provide. The Commission has been continuing discussions with these payment systems organisations to finalise the detailed arrangements in readiness for the commencement of the Act. These will build on existing, well established processes both in the payment systems organisations, and within the Commission.

In addition, the Commission is working with MasterCard and Visa Europe in particular to raise awareness and understanding of these arrangements, and the Act itself, amongst organisations such as banks that process credit or debit card payments on behalf of gambling operators. These organisations will have a key role in the new arrangements by acting on referrals of illegal activity which amount to a breach of terms and conditions, and by helping to combat illegal activity proactively through their due diligence processes by, for example, carrying out routine checks of the licensed status of gambling operators.

Further, as you will recall from the debates during the Act's passage, the Commission will provide an assessment of the effectiveness of its arrangements in enforcing the Act in its annual report to Parliament. The Government and Commission will use this to assess the success of this approach, and will enable Government to ensure that the Commission continues to have all of the enforcement tools that it needs.

Child internet safety

The second matter you raised during the debate on the Consumer Rights Bill last week is the important issue of child internet safety. I appreciate the depth of your feeling to ensure that there are measures to protect children when they are online..

During last week's debate, you asked about the progress we are making to require age-verification on video-on-demand platforms. The Government is in the process of preparing regulations to ensure that video-on-demand material that has been, or would be, rated R18 by the British Board of Film Classification (BBFC) is put behind access controls and to ban the provision of video-on-demand material that has been, or would be, refused a classification by the BBFC. This is to align the protection in the online world with the protection in the offline world. These regulations are drafted and have been submitted to the necessary notification process with the EU Commission. We expect them to come into force in November.

This is, however, a complex landscape both in terms of the legislation which applies and how any measures might operate in practice. But let me assure you that Government is not complacent on this matter; we keep our policies for protecting children online under constant review.

As you know, the UK is regarded as world leading when it comes to keeping children safe online. The work done with industry, through the UK Council for Child Internet Safety, to develop and roll out measures that will protect children, including family-friendly network level filters in the home, filtered public Wi-Fi, filtered mobile handsets, and greater awareness raising will all play a part in helping parents to protect children from the content you highlight. Where filters are applied, this content will be caught.

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I am copying this letter to Lord Stevenson of Balmacara and Lord Younger of Leckie, and a copy of this letter will be placed in the libraries of both houses.

*Yours ever,
John*

Gardiner of Kimble

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