



# Preventing Gambling Related Debt

## Gambling Related Financial Harm Workshop #5

### Summary of key insights and recommendations for the lending sector to consider

GamCare's Gambling Related Financial Harm (GRFH) programme is a cross-sector initiative to share knowledge, develop resources, and enable organisations to help customers affected by financial harms as early as possible. GRFH Insight Workshops bring relevant sectors (financial services, debt advice, gambling businesses and gambling support services) together to share knowledge and raise awareness about key and emerging issues relating to gambling and finances. You can read more about GamCare's GRFH work [here](#). The most recent event in our series of Workshops explored how the lending sector can protect vulnerable consumers from gambling related debt. This was the first of two workshops focussing on gambling related debt. The second workshop, later this year, will explore how organisations can better support those who are already in debt as a result of gambling.

Someone struggling to control their gambling might look to borrow money they can't afford to pay back, often at high interest rates. Each year, around two-thirds of callers to the National Gambling Helpline and those accessing GamCare's treatment services mention some level of gambling debt.

Since April 2020, the Gambling Commission has banned gambling with credit cards. However, there is nothing to prevent consumers from using other forms of borrowing (e.g. overdraft, loans, cash withdrawals and/or transfers from credit cards) for gambling. A survey undertaken by Citizens Advice found that two in five gamblers (40%) went overdrawn and over a quarter (27%) had taken out payday loans to gamble. Debt advice charity StepChange also reported that debt clients with gambling flags have higher unsecured debts, and gamblers on average have £1,775 more in personal loan debt than clients without a gambling flag.

In June 2022, GamCare facilitated an Insight Workshop to understand how consumers access credit to gamble, and to identify best practices and solutions that may help prevent gambling related debt in the first place. The event brought 68 key stakeholders, which included many attendees from the lending sector as well as debt support, lived experience, gambling support services, academics, policy makers, regulators and trade and standards bodies. The panel of expert speakers included representatives from the Financial Ombudsman, StepChange, Bristol University, The Lending Standards Board and two experts by experience. The lived experience stories painted a concerning picture of the use of credit to fund gambling, particularly how the ease of access to credit can

perpetuate the lending and gambling cycle, leaving the gambler and their family members vulnerable to debt.

This is a summary of the key recommendations made by the experts and participants who attended the Workshop, and includes suggestions for improvement for lenders around:

1. Staff awareness and training
2. Responsible lending
3. Creating friction
4. Providing support

These recommendations apply for all types of lenders – from banks that offer overdrafts, mainstream lenders, credit card providers, debt consolidation companies, short-term and high-cost credit companies to responsible lenders, such as credit unions. GamCare and the GRFH Project Steering Group support a cross-sector response to drive these changes forward. We see these actions as 'everyone's business' and we believe that all creditors could take steps to help prevent gambling related debt.

The first part of the event (expert panel and Q&A) has been recorded and is available [here](#).



To fund my gambling, I used overdraft, personal loans, I re-mortgaged, took mortgage holidays, used PayPal, credit cards and credit card balance transfers. When I sought help, I had 21 listed creditors on my credit report, including utility providers I owed money to for the bills I hadn't paid because I gambled."

BEN, EXPERT BY EXPERIENCE

1 Citizen's Advice. Out of Luck - An exploration of the causes and impacts of problem gambling [Internet]. Available from: <https://www.citizensadvice.org.uk/Global/CitizensAdvice/Consumer%20publications/Out%20of%20Luck.pdf>.

2 StepChange and University of Bristol's Personal Finance Research Centre's project explored the link between problem debt and gambling, and this report is due to be published in autumn 2022.



## 1. Staff Awareness and Training

### Opportunity:

Last year, the Financial Conduct Authority published new guidelines on the fair treatment of vulnerable customers. Lenders should use this as an opportunity to instigate a culture shift to better protect those experiencing gambling harm from unaffordable debt. This could start with staff training to raise awareness about the harm that gambling can cause and upskilling staff so that they are better equipped to support those who need help.

### Recommended actions for lenders:

- Firms should offer training that focuses on gambling harms rather than as part of a more general focus on addictions or mental health. The training could either be developed in-house or they could tap into the training offered by trade and standards bodies or charities.
- Key staff at a range of levels across the business should receive gambling awareness training. This training should be attended by senior leaders and managers, vulnerable customer teams, colleagues working in underwriting and arrears and customer services, as well as those involved in the design and the delivery of credit products who need to be thinking whether credit can be detrimental for customers at risk of gambling harms.
- The training should cover how to spot the signs of harmful gambling and how to recognise unusual transactions and gambling operators in bank statements/open banking data. Providing a list of gambling firms may help, but where regular transactions are made to an unidentifiable company, staff should be encouraged to ask the customer about this spending or check any unknown merchants online.
- The training should upskill staff to be confident in having difficult and empathetic conversations with customers about gambling, including how to signpost to support (see section 4).
- Training should also include awareness of how gambling harms affect family and friends of the gambler, as they are at risk of being negatively affected by joint debt, fraudulent credit applications or financial abuse.
- Gambling awareness training should be continuously reviewed and refreshed and include input from experts by experience and charities.



## 2. Responsible Lending

### Opportunity:

People who gamble excessively are at a higher risk of taking out unaffordable credit not only to fund their gambling, but also to cover everyday living expenses. Many gamblers are at risk of repeat lending – taking out further credit to cover existing credit commitments, and any new credit extended to them is likely to be unaffordable. The Financial Ombudsman Service (FOS) is seeing a growing number of complaints from consumers who say that their lender should not have issued credit because of the extent of their gambling, and the number of such complaints being upheld is growing. Financial firms lending to consumers have many opportunities to identify gambling harms throughout customer journeys, and should use FOS decision data to inform their policies and develop lending criteria for cases where gambling is identified as an issue.

### Recommended actions for lenders:

- Financial services firms and their trade or standards bodies should work together to create a shared understanding of what constitutes harmful gambling in lending so they can prevent unaffordable debt. Because harmful gambling cannot be defined by a number and varies from customer to customer, the sector should consider what kind of flags and indicators they should be mindful of in transactional data. Firms could work with the charity sector and people with lived experience to help them define these red flags. Once defined, the finance industry and its trade bodies should promote the recognition and use of these flags to inform actions to protect and support flagged customers.
- Firms should examine their product and customer journeys to identify opportunities to communicate to customers about gambling harms and create a better disclosure environment based on reassurance, help and options (see section 4). Lenders should give customers several occasions to share vulnerabilities across multiple touchpoints, such as:
  - At the point of credit application, including digital credit products and automated lending decisions.
  - When dealing with enquiries relating to their account(s), even if the enquiry relates to a non-credit account.
  - When supporting customers in arrears and financial difficulties.
- Using the understanding of harms developed, firms should use these to improve affordability assessments by applying a 'gambling harm lens' and show curiosity about the customer's circumstances. Affordability assessments should follow the lending industry's best practices and affordable lending criteria:
  - **Proportionate checks** need to be completed before lending. Lenders should carry out adequate and, in some cases, enhanced checks, rather than rely on the consumer to disclose a gambling problem. For example, a credit reference check is unlikely to show the borrower is at risk of or experiencing gambling harm. Instead, lenders should request bank statements and use the data and technology they have available (e.g. algorithms, open banking, accessing accounts the customer may hold within the same banking group, checking Notices of Correction on the credit file) to proactively look for the warning signs of harmful gambling (e.g. high value and high volume gambling, transactions increasing in value, multiple gambling accounts, transfers to other accounts/e-wallets, sequential credit applications, multiple lines of credit and erratic transaction times). When these checks uncover problematic gambling, this information should be used to inform the lending decision.
  - **Borrower-focused assessment.** Even when the credit risk is low or the customer is keeping up with other credit commitments, lenders should seek to ensure that taking on more credit is not going to lead to financial difficulties and gambling related debt. Firms should be curious about the customer and treat each credit application as an opportunity to see what's going on/wrong with individuals or any potential vulnerabilities they may have, rather than just looking for reasons to lend.
  - **Sustainability of debt** and repayments. Lenders should make sure that debts can be repaid by the borrower from their income. Gambling winnings must not be treated as income.
  - **Monitoring account repayment** and stepping in where there is a possibility of financial difficulties. Creditors should be monitoring the account throughout the lifecycle of the product and if excessive gambling could be a contributing factor to credit default or potential financial difficulties, lenders are well placed to intervene and offer support (see section 4 for more info).



### 3. Creating Friction

#### Opportunity:

At GamCare we know how excessive gambling affects our service users, with many losing track of time and gambling at irregular hours. As people don't normally make significant purchases in the middle of the night, credit friction can be a helpful step in mitigating and addressing the financial and behavioural aspects of gambling harms. Firms have an opportunity to review products and customer journeys to reduce harm and implement barriers to excessive lending through policies, technology and product design.

#### Recommended actions for lenders:

Firms could consider introducing more barriers to prevent credit being used for gambling. Here are some of the ideas proposed during the workshop:

- All credit card providers should apply a block on gambling transactions in line with Gambling Commission's ban on credit card use for gambling (the ban currently affects gambling companies rather than financial services).
- Introduce time delays between a credit application and approval to the money going into the account, which would give consumers an option to change their mind (particularly if the credit application is done during the night).
- Provide clearer information about the cooling-off period and the option to cancel the credit agreement (if the agreement is covered by the Consumer Credit Act 1974).
- Add flags on accounts where transactional data is indicating that the customer may be gambling harmfully to prevent automated credit from being issued (e.g. automated overdraft, credit card balance increases).
- Any account holders with a gambling flag should be excluded from credit product marketing.
- Introduce additional checks for credit applications that meet certain criteria that may indicate a gambling problem (e.g. late night credit application, successive credit applications in a short period of time).
- Firms may want to consider applying a temporary gambling block on current accounts with a negative balance.
- Lenders could explore how they can make consumers accountable for how the credit was spent (e.g. change terms and conditions that would prohibit credit being used for gambling, more explicit questions being asked about the use of funds).
- Lenders offering debt consolidation products should embed gambling screening in the application.
- Consult charities and experts by experience when designing products and interventions.



### 4. Intervention and Support

#### Opportunity:

Many people are unaware that their gambling is causing harm, and highlighting risks and issues linked to their current gambling behaviour can be a powerful motivator for change. Lenders are perfectly placed to offer help to borrowers displaying signs of harmful gambling and should have processes and tools in place to support the customer – regardless of whether their credit application has been approved or declined.

#### Recommended actions for lenders:

- Staff should make customers aware of the internal support that may be available. This could include (but is not limited to):
  - A gambling block for debit cards (and credit cards if it's not offered universally).
  - Any other tools that may help them control their gambling (e.g. lowering cash withdrawal limit, a spending limit on gambling transactions).
  - Forbearance options that would give customer time to get help with their gambling.
  - Offering the customer to exclude themselves from credit within the banking group.
  - Exclusion from credit product marketing.
  - Referral into firm's vulnerability/financial difficulties team for further money management support.
  - Facilitate warm transfer (if available) to the 24/7 National Gambling Helpline.
- Staff awareness of third-party tools and support available, e.g.:
  - Gambling treatment and support, including the benefits of accessing these services.
  - Gambling self-exclusion schemes and blocking software (see [TalkBanStop](#)).
  - Notice of Correction (NOC) on the credit file that would take any future credit applications out of automated decisioning.
  - Accessing free money and debt advice.
- Support should be offered across all available channels (in-person, phone, digitally).

**Firms should ensure that staff handling these interactions are appropriately trained in the above areas (see also section 1).**

If you are already taking action to address any of these issues, please get in touch to let us know.  
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