

Money and Mental Health response to the Digital, Culture, Media and Sport Committee's Call for Evidence on Gambling regulation

Introduction

The Money and Mental Health Policy Institute is a research charity established by Martin Lewis to break the vicious cycle of money and mental health problems. We aim to be a world-class centre of expertise developing practical policy solutions, working in partnership with those providing services, those who shape them, and those using them, to find out what really works. Everything we do is rooted in the lived experience of our Research Community, a group of nearly 5,000 people with personal experience of mental health problems.

This written submission has been informed by this powerful, lived experience testimony, as well as our wider body of research looking at the connections between mental health and gambling. Unless otherwise specified, all quotes in this response are drawn directly from our Research Community.

In this document, we respond to Questions 1, 2, 3 and 4.

1. What is the scale of gambling-related harm in the UK?

Our research, which has focused on the experiences of people with mental health problems, has found that gambling can lead to significant financial and psychological harms. This echoes the findings of other studies.¹

Financial harms

- In nationally representative polling of 5,000 people with experience of mental health problems, we found that nearly one in five (17%) always or often gamble more than they can afford when unwell.²
- Among the 37% of people with mental health problems who are behind on key payments - like bills and credit agreements - one in ten (11%) said this was in part due to gambling.³

¹ For example, Wardle H et al. Problem gambling and suicidal thoughts, suicide attempts and non-suicidal self-harm in England. GambleAware. 2019.

² Money and Mental Health analysis of online polling conducted by Opinium. 5,001 people with mental health problems, weighted to be nationally representative of those who have experienced a mental health problem, and 1,000 people without mental health problems were surveyed between 25 June and 22 July 2021.

³ Money and Mental Health analysis of online polling conducted by Opinium. 5,001 people with mental health problems, weighted to be nationally representative of those who have experienced a mental health problem, and 1,000 people without mental health problems were surveyed between 25 June and 22 July 2021.

- Although not nationally representative, in a survey of our Research Community, a quarter (24%) of respondents have experienced financial problems as a result of gambling online, and one in three (32%) have bet more than they could afford to lose.⁴

“[Online gambling] has ruined me financially and in the past, I maxed out credit cards and payday loans to fund this habit.” Research Community member

Psychological harms

- In nationally representative polling of over 2,000 people, a quarter (24%) of people with mental health problems who gamble online say that online gambling has been bad for their mental health.
- Although not nationally representative, in a survey of our Research Community, over a third (36%) have become stressed or anxious because of gambling online and the same proportion have felt guilty about the way they gamble.⁵
- In some cases, the impact of gambling on someone’s mental health can be significant. In the large scale polling of 5,000 people with mental health problems, nearly half (49%) of people who have been diagnosed by a healthcare professional as having a gambling addiction have had suicidal thoughts or attempted to take their own life in the previous 12 months.⁶

“Gambling online makes my stress levels and anxiety worse. Even when I win it doesn’t really make me happy but I can’t stop the urge to play.” Research Community member

2. What should the key priorities be in the gambling White Paper?

A key priority of the White Paper should be to make online gambling safer by default. Our research into the connection between mental health problems and online gambling found that the design of gambling sites is exacerbating common symptoms of mental health problems.⁷ For example, the ease with which deposits can be made and the way people are encouraged to continue gambling can make it very difficult for someone who struggles to control their spending when unwell. This can contribute to a feeling of not using real money, which can cause people to spend more than they can afford. In nationally representative polling, four in ten (40%) online gamblers with a mental health problem felt that it doesn’t feel like they’re spending

⁴ Holkar M and Lees C. A safer bet. Money and Mental Health Policy Institute. 2020.

⁵ Holkar M and Lees C. A safer bet. Money and Mental Health Policy Institute. 2020.

⁶ Money and Mental Health analysis of online polling conducted by Opinium. 5,001 people with mental health problems, weighted to be nationally representative of those who have experienced a mental health problem, and 1,000 people without mental health problems were surveyed between 25 June and 22 July 2021.

⁷ Holkar M and Lees C. A safer bet. Money and Mental Health Policy Institute. 2020.

real money when they gamble online, compared to a still significant one in four (26%) of those without a mental health problem.⁸

“The site is colourful and often times mesmerising (especially the slots). There are offers to try other games for free, which is in their interest because that might just be your game of addiction.” Research Community member

While there are tools available to help people manage or stop their gambling, there are often low levels of awareness of such tools.⁹ Although there are rules that gambling operators have to follow to monitor customer behaviour to spot signs of harm, the current system relies too much on firms to follow these rules and for individuals to use available tools. We therefore think that default limits should be introduced to online gambling, for example on deposits. These should be set at levels that would not impact gamblers who currently spend small sums. Customers should be able to request a higher limit but this should only be allowed if reliable evidence shows they could afford this. This would help bring more parity between the requirements for offline gambling - like the limits for Fixed-Odds Betting Terminals - and online gambling.

Beyond making gambling safer by default, we also think that there needs to be a new independent ombudsman as the current redress system is failing those who have experienced gambling-related harm.

[You can read our full response to the call for evidence for the White Paper here.](#)

3. How broadly should the term, ‘gambling’, be drawn?

In recent years there have been growing concerns that products and activities - like loot boxes, cryptocurrencies and other risky investments - bear similarities with gambling.¹⁰ For example,

⁸ Holkar M and Lees C. A safer bet. Money and Mental Health Policy Institute. 2020.

⁹ Gambling Commission. Gambling participation in 2019: behaviour, awareness and attitudes. 2020.

¹⁰ House of Lords Select Committee on the Social and Economic Impact of the Gambling Industry: Report of Session 2019-21: Gambling Harm - Time for Action. 2020; Close J and Lloyds J. Lifting the Lid on Loot-Boxes. GambleAware. 2021; Drummond A, Sauer JD. Video game loot boxes are psychologically akin to gambling. *Nat Hum Behav.* 2018 18:1; Zendle D and Cairns P. Video Game Loot Boxes Are Linked to Problem Gambling: Results of a Large-scale Survey. *PsyArXiv.* 2018; Close Jet al. Secondary analysis of loot box data: Are high-spending “whales” wealthy gamers or problem gamblers? *Addictive Behaviors* 2021: 117; Nicholls et al. Understanding self directed investors. Britain Thinks on behalf of the FCA. 2021; Delfabbro P et al. Cryptocurrency trading, gambling and problem gambling. *Addictive Behaviors* 2021: 122; Mosenhauer M, Newall P and Walasek L. The stock market as a casino: Associations between stock market trading frequency and problem gambling. *Journal of Behavioral Addictions* 2021: 10; Grall-Bronnec M et al. Excessive trading, a gambling disorder in its own right? A case study on a French disordered gamblers cohort. *Addictive Behaviors* 2017: 64; Financial Conduct Authority. Young investors driven by competition and hype. 2021. Accessed 22/11/2021 - <https://www.fca.org.uk/news/press-releases/young-investors-driven-competition-hype>.

Research Community members who have used such products described them in related terms and language.

“When buying [loot boxes], it's similar to gambling - the thrill of the 'risk' and not knowing what you're going to get, and the good feeling afterwards is short lived and I start to regret spending money. This can become like a vicious circle where I buy more to make myself feel better. Or another thing with them is if you don't get anything good so you end up buying another. It can be addictive.” Research Community member

The case of Football Index, a sports betting platform, also raises concerns over regulated gambling activities using financial language to make it appear more like a financial product.

Such products that blur the line between gambling and financial products pose issues for regulation with some being regulated by the Financial Conduct Authority (FCA), others the Gambling Commission and some being unregulated. We believe that the government needs to set out a plan for how these products will be regulated, perhaps through a dual regulation approach.

4. Is it possible for a regulator to stay abreast of innovation in the online sphere?

Gambling legislation has not been updated substantially since 2005 and yet our research has highlighted the significant harms that some people are experiencing as a result of online gambling. Additionally the recent case of Football Index has shown how the Gambling Commission has struggled to deal with emerging issues.¹¹ The Gambling Commission, however, is not alone among regulators for having to manage innovating and changing markets. For example, the rise of new Buy Now Pay Later products led to the promise of new regulation by the FCA.¹²

To deal with innovation, we believe that regulators need to adopt an anticipatory stance to better understand emerging products and any risks to consumers they may present.¹³ Regulators should also ensure that they are learning from each other and pooling sparse resources where necessary. The Digital Regulation Cooperation Forum (DRCF) - formed of the CMA, Ofcom, ICO and FCA - is one way that regulators could achieve this. To better deal with innovation, the Gambling Commission should join the DRCF.

¹¹ Wood G. Football Index: Gambling Commission was warned about firm in January 2020. The Guardian. 2021. Accessed 22/03/2021 - <https://www.theguardian.com/football/2021/mar/18/football-index-gambling-commission-warned-january-2020>.

¹² HM Treasury. Buy-now-pay-later products to be regulated. 2021. Accessed 23/03/2021 - <https://www.gov.uk/government/news/buy-now-pay-later-products-to-be-regulated>.

¹³ Holkar M, Lees C, and D'Arcy C. Safety Net. Money and Mental Health Policy Institute. 2021.

Beyond adopting an anticipatory stance, regulators should be regularly reviewing existing regulation and guidance in light of innovation in their sector. Regulators should guarantee that any harms that are prevented offline are also prevented online by translating and transforming existing rules for the digital age. But there are always likely to be issues that regulators identify but do not have the powers to tackle. Regulators should therefore take a similar approach that the FCA took through the Woolard Review¹⁴ and have informed discussions with their sponsoring departments to introduce new regulatory powers.

¹⁴ Financial Conduct Authority. The Woolard Review - A review of change and innovation in the unsecured credit market. 2021.