



## Lotteries FAQs

### **Q: Someone says I have won a prize in a lottery that I didn't enter. What should I do?**

Do not send any money or personal details to anyone who says that you have won a prize or anything else in a lottery or sweepstake that you have not previously entered. Such claims are almost certainly frauds.

You may be asked to pay a 'fee' before the 'prize money' is released: never respond to any such requests for advance payment.

Some fraudsters set out to steal identities. Do not release personal information such as your passport number, home address, telephone number or banking details to unknown organisations.

Many win notifications contain hyper-links to websites purporting to act for the lottery organisers. Taking the form of financial institutions such as insurance companies, the management of 'lottery' funds will appear as only a minor part of their wider organisation. They may seem professional at first glance, but most do not bear close scrutiny. Most of these websites have been pirated from genuine organisations; as a result of cutting and pasting you may find that text is inconsistent, spelling irregular and the contacts page will contain mobile phone numbers.

### **Q: I would like to run a lottery. Can I?**

The Gambling Commission's role under the Lotteries and Amusements Act 1976, as amended, is limited to the registration and monitoring of certain lotteries promoted by societies (for example, charities or sporting associations), all schemes promoted by local authorities (Section 6), and external lottery managers.

There is no statutory definition of a lottery but the courts generally consider a lottery to be a distribution of prizes by chance where the persons taking part, or a substantial number of them, make a payment or consideration in return for obtaining their chance of a prize.

Society lotteries can only be run for charitable, sporting or cultural purposes, not for private or commercial gain. The maximum price of a ticket in a society lottery can only be up to £2. Tickets in a society lottery cannot be sold by means of a machine.

## Competitions

### **Q: What is a prize competition?**

Prize competitions are competitions in which success depends to a substantial degree on the exercise of skill. If a competition does not involve skill it may be considered a lottery and could be unlawful. Competitions requiring the exercise of skill may involve the answering of questions, solving puzzles, tiebreakers etc.

### **Q: Can I set up a prize competition or free draw?**

The Commission has no statutory responsibility for competitions or free prize draws. Anyone wishing to set up and run such a scheme is advised to seek their own independent legal advice before proceeding.

As there is no other body or organisation to which enquiries can be referred the Commission offers the following general advice on some of the usual questions asked about competitions and free prize draws. It is not intended to be a definitive view on the law:

**Q: What does the law say?**

The law on prize competitions is contained in section 14 of the Lotteries and Amusements Act 1976.

**Q: Is there a statutory definition of the level of skill required?**

There is no statutory definition of what constitutes a substantial degree of skill. The Commission would advise that anyone considering organising such a competition should seek their own independent legal advice before proceeding.

**Q: Are some types of competition unlawful?**

Yes, under section 14 of the Act:

- Competitions in which prizes are offered for the forecast of the result of a future event;
- Competitions in which prizes are offered for forecasts of the result of a past event, the result of which is not yet ascertained or not yet generally known;
- Any other competition in which success does not depend to a substantial degree on the exercise of skill

**Q: What is a 'free draw'?**

The best example of a 'free draw' is a circular or mailshot offering the chance to win a prize without having to make a payment or purchase.

Following a judgement in the House of Lords in 1980, to qualify as a lawful free draw a promotion would have to be totally free and open to any member of the public. If the draw involves the distribution of prizes by chance and a payment for that chance it may be an unlawful lottery.

**Q: Do I need a licence to run a prize competition or "free draw"?**

There are no licensing or registration requirements or any restriction on who can run a prize competition or 'free draw'. The rules and conduct of the competition or 'free draw' are solely the responsibility of those running the promotion. These schemes are of course subject to the more general laws on fraud, theft, deception, etc., and those intending to run such a promotion are advised to seek independent legal advice before proceeding.

**Q: What will be the effect of the new Gambling Act on lotteries?**

The Gambling Commission is currently consulting on the implementation of the Gambling Act 2005, which comes into force in 2007. The Commission anticipates that there will be some changes to the licensing system, while the Commission has also been given enhanced regulatory powers.