



#### **IBAS LIMITED**

(Independent Betting Adjudication Service) PO Box 62639, London EC3P 3AS

Tel: 020 7347 5883 Fax: 020 7347 5882

Email: Adjudication@ibas-uk.co.uk

Web: www.lbas-uk.com

### IBAS BOARD Chairman:

Michael Messent

#### Directors:

Paul Bellringer OBE Christopher Bird Terry Ellis Chris O'Keeffe (CEO)

#### **Company Secretary:**

Kevin Smith

#### **IBAS STAFF:**

Danny Cracknell – Adjudication Manager Sharon Powell – Administration and

Projects Manager

James Taylor — Case Manager

John Samuels – Case Manager William Baker – Administrator

#### **PANEL MEMBERS:**

John Cobb
Anthony Fairbairn
Robert Fenton
Andrew Fraser
Keith Harris
Adrian Hunt
Tim Moore
Kevin Pullein
George White
Sam Willock

#### **POLICY CONSULTANT:**

Andrew Fraser

#### **PROFESSIONAL ADVISORS**

#### Lawyers:

Trethowans
The Director General's House
15 Rockstone Place

Southampton S015 2EP

#### Bankers:

**HSBC** 

89 Buckingham Palace Road London SW1W 0QL

#### Auditors:

Edmund Carr LLP 146 New London Road Chelmsford Essex CM2 0AW

#### **Data Protection Policy Consultants:**

Data (Practical Application) Protection Limited 60 The Crescent Stockport Cheshire SK6 2DX





### Chairman's statement



Disputes happen, and when they do it is desirable to a have a speedy, authoritative and low cost system to resolve them. IBAS, its managers and panellists, have continued to achieve these goals in 2009 and to perform an invaluable role in supporting the gambling industry and enhancing betting consumers' interests. On behalf of the Board, I wish to congratulate Chris O'Keeffe, and his team, for maintaining a high professional standard and thereby earning the respect of the regulators, the industry and punters.

Despite the experience and knowledge of all involved in IBAS, the job does not get easier. Expectations rise year by year, scrutiny by others becomes tougher. There are fewer straightforward disputes and those that reach the Panel are now far more likely to be factually complex and to raise difficult legal issues. Nevertheless the standing of IBAS is as high as ever.

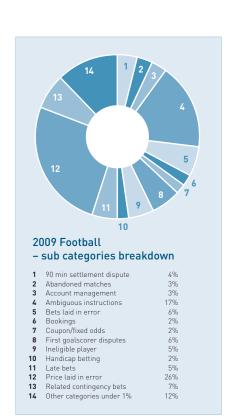
It might be thought that given that the Gambling Act has been in force for over two years, some of the disputes would have ended up in the law courts by now and that legal guidelines would have been forthcoming, but there have been no High Court rulings as yet on the application of contract law to betting disputes. Until there is clear guidance, the IBAS Panel will continue to apply an informed practical approach to the disputes which are placed before them.

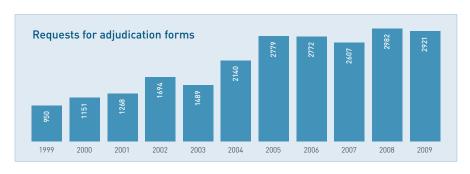
In 2009 the Directors met formally on four occasions. One of these meetings saw the retirement of Jeremy Reed after 10 years' involvement with the organisation. He had been a founder Board member and carried out the role of acting Chairman for his last two years

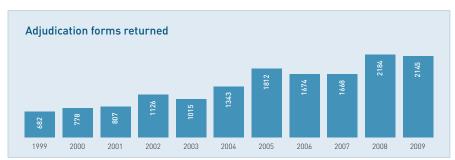
as a Director. His knowledge of the industry, skills and experience were of invaluable assistance to IBAS during his period of service.

The Board's main task remains that of ensuring that there is prudent financial management and, within the financial parameters, seeking to see that the staff and panellists have all the necessary support in terms of equipment and resources in order that IBAS may continue to enhance the quality of service.

#### Michael Messent Chairman







### Chief Executive Officer's review



Year end operational figures are one of the criteria against which to evaluate our success as a service. IBAS welcomes any reduction in its caseload as this reflects well on our rulings, (bookmakers know from previous cases how we are likely to rule in a dispute and tend not to pursue similar cases) and sustains my confidence that our dispute prevention meetings with the industry are effective.

I am pleased to report that the headline figures for 2009 show a small decrease both in dispute forms requested and completed forms returned, against 2008. In percentage terms there was a decrease of two per cent in both areas. Within the forms returned category 286 were deemed by case managers not to be within our terms and conditions. These disputes/complaints in the main concerned account management procedures, bookmakers/operators not registered and bets not placed (i.e. not captured and recorded on systems).

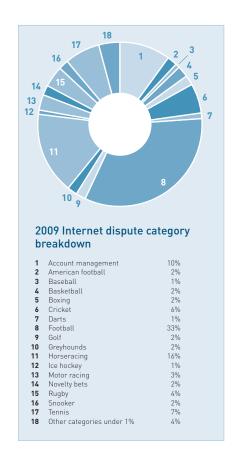
Additionally there were a number of cases where it was established that customers had not exhausted all avenues of resolving a dispute with the company and were therefore rejected and referred back to the bookmaker/operator.

Since the advent of the Gambling Commission it has become important for IBAS to define more strictly and precisely the grounds on which a dispute falls within our scope rather than diversifying into areas which are beyond our remit. This means we take special care to avoid becoming embroiled in account management and customer service issues.

A recurring theme in 2009 has been the increase in claimants making reference to the explicit consideration of contract law. The contractual rights that now govern betting transactions have the potential to transform dispute resolution in gambling.

While no case law exists it continues to be IBAS's policy to make decisions based on bookmakers'/operators' rules. If a bookmaker's rules do not cover the situation, then reference is made to IBAS's own principles of fair practice, or established industry fair principles. If a situation is a new one, then the Panel can formulate what it believes to be a fair principle for that circumstance, consistent with existing industry conventions and practices.

As I have noted previously in my annual reports, the many intricacies of contract law and its application to betting disputes will need to be debated and picked over



by lawyers, not adjudicators. It will be interesting to see the changes in bet settlement that may eventually emerge from the higher courts, particularly in the contentious areas of prices laid in error (at times referred to as palpable error) and late bets.

In the new regulatory environment transparency is an important part of accountability and we continue to ensure that our procedures and processes are open, straightforward and user-friendly. To this end we have made further revisions to our terms and conditions to make clear our policy in regard to contract law and to increase IBAS's discretion in dealing with transgressions.

We have removed the Customer Charter, as it could cause confusion with other terms and conditions, and incorporated some of its text into other areas of our information for users. This has been a rigorous undertaking, and the robust terms and conditions based on enduring principles, which are now in place, add certainty and reassurance to the delivery of effective dispute resolution. Furthermore, they enhance the organisation's professional profile and ultimately the industry's reputation.



Our terms and conditions govern the way in which IBAS will handle and adjudicate upon disputes. They set out what we expect from customers and operators in order that we may achieve consistency and certainty so that both parties can place reliance on our processes.

In one of the disputes that we examined during the year a bookmaker in Ireland sought to impose their own conditions for participation. Having considered the issues very carefully the Executive decided that allowing individual companies to dictate the process was a dangerous and unworkable precedent



which would undermine the authority and credibility of effective, independent dispute resolution. As a consequence of the bookmaker's unwillingness to abide by our terms and conditions they have been removed from the register.

IBAS has naturally evolved over the years and a recent development worthy of note has been the signing of an information-sharing agreement with the Gambling Commission which formalises the process under which the Commission and IBAS share disputerelated information, subject to certain conditions. IBAS is, I understand, the first non-statutory organisation to have an agreement of this nature in place with the regulator.

During 2009 IBAS has continued to urge the Commission to amend their regulations to require operators to name their independent third party adjudication service. This way the Commission would know whether arrangements – which are

part of the licensing requirements – are in place and would be able to verify these relatively easily.

Clearly, this would stop bookmakers/
operators waiting until a dispute arises
before attempting to make arrangements
(a situation that IBAS has encountered on
several occasions), and allow the
Commission to require the licensed
operator to reveal the outcome of a
dispute with the adjudicator who
conducted the case.

In my opinion these steps would encourage dispute resolution within an effective adjudication process and outside the realm of the courts. Additionally, the Commission is less likely to be called upon to become involved with licensees who have put proper procedures in place that can withstand scrutiny.

As mentioned earlier in this review, one of our key practices is to limit the number of disputes that are presented to our Panel. IBAS has chaired industry meetings with customer service managers and trade associations to discuss wide-ranging matters of mutual interest under the banner of dispute prevention. These meetings, which are strongly supported by the Gambling Commission, highlight what we consider are areas of weakness in bookmaker/ operator rules and seek to promote improvements in the handling of disputes across the industry. We have moved this process up a gear with the pending World Cup, as our experience tells us that many new customers will place bets and the

2009 Sector breakdown

1 Retail (IRE) 5%
2 Retail (UK) 41%
3 E-gaming 3%
4 Telephone 5%
5 Bet exchanges 4%
6 Internet 29%
7 Not proceeding 13%

industry needs to nurture this business rather than allow mistakes to occur.

Reflections on the year reveal a generally positive picture across all aspects of the organisation. The Service turned around cases on average within 29 calendar days an improvement on 2008 (34 calendar days). The total monies gained for customers amounted to £385,044 an increase on the previous year of £67,000 (21 per cent).

The Panel reviewed 48 cases while 11 requests for a review did not qualify and were rejected on grounds that they were

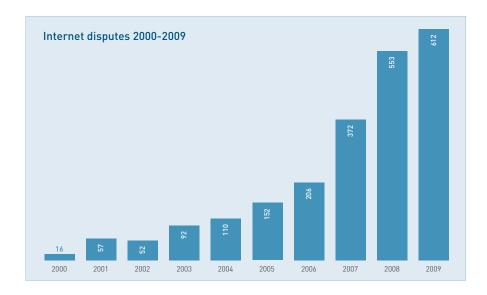


based solely on disappointment. The Panel did reverse one of its rulings following a review due to the fact that their findings were based on a false premise.

The most revealing and interesting statistic is the split between cases found in favour of bookmaker or the customer. The final figures show that 40 per cent of cases that escalated to the Panel were conceded by the bookmaker (prior to a ruling) or found in favour of the customer through the issuing of a formal ruling.

These figures are an indication that bookmakers/operators are conceding more readily than ever before. I believe this is in some part due to the new regulatory and litigation channels now available to the customer, and in part due to a greater commercial awareness that now exists across all sectors of the industry. At times a senior member of staff will intervene during the process to overrule customer service managers or agents when all aspects of the case and

### Chief Executive Officer's review (continued)



the consequent negative implications begin to unfold.

In 2009 the internet sector again showed a significant increase against the previous year (11 per cent). The use of the internet will no doubt continue to grow as part of cultural change, certainly this medium in betting terms has never been as wide-ranging in products or marketed as aggressively as it is today.

Unsurprisingly, prices laid in error gave rise to the majority of internet disputes (as in all sectors). All retailers can experience pricing mistakes, but they can be more commonplace and more harmful to internet retailers, particularly in the betting industry.

The probability of pricing mistakes increases because many internet bookmakers/operators change prices



within active markets more often than other online retailers. Bookmakers/ operators execute sales automatically and a contract is formed. It follows that bookmakers are forced to choose between absorbing the resulting financial loss as an investment of goodwill or attempt to invalidate the contract under the doctrine of unilateral mistake.

Football remains the most disputed betting medium across all sectors accounting for 32 per cent of disputes (31 per cent 2008). This is no surprise with over 80 markets available on a single match without taking into account the popular betting in running propositions. Horseracing disputes amounted to 22 per cent [26 per cent 2008] of the caseload.

In the gaming machines sector IBAS ruled on and resolved 23 disputes, a small number when considered in its true context, with approximately 20,000 machines operating throughout the UK (generating around 40 per cent of betting shop turnover). With communication and information being key components in our overall dispute prevention strategy, case managers compiled detailed reports for the trade associations and the Gambling Commission in both the gaming machine and e-gaming sectors. Compiling reports of this nature is important as it demonstrates the broad range of services outside of dispute resolution that IBAS can deliver.

As I have alluded to in previous reports this Service now operates in a completely different environment to that which existed prior to September 2007.

Both the regulator and the industry understandably advocate adjudication as an alternative to litigation and therefore willingly look to IBAS as an established and reputable adjudication organisation to fulfil this important role.

This is an entirely understandable approach, when one recognises the courts' lack of experience in dealing with gambling disputes. The justification for an organisation like IBAS is now more obvious than ever before.

Finally but importantly, I would like to extend my appreciation to the entire IBAS team. Without their expertise, dedication and commitment IBAS would not be able to operate so efficiently or develop into the organisation it is today.

Chris O'Keeffe Chief Executive

### **IBAS** BULLETIN

# Calling all bookmakers/operators !!!

As part of our ongoing dispute prevention initiative IBAS will be publishing an e-bulletin that will be distributed free via email to registered bookmakers/operators prior to the forthcoming World Cup. This bulletin will be published periodically throughout the year timed to complement major sporting events.

Its content is predominantly targeted at customer service managers and industry staff. Its aim is to assist bookmakers/operators in avoiding unnecessary disputes across a number of betting platforms by putting forward observations which are based on our experience of dealing with disputed matters on an everyday basis.

Additionally IBAS, within the bulletin, will strive to alert bookmakers/operators to what we feel are deficiencies in current terms and conditions (rules), practices and conventions.

To join IBAS's e-bulletin mailing list could you please provide your email address details to: Sharon@ibas-uk.co.uk

# John Samuels, IBAS Case Manager, reflects on some of the observations he has shared with the industry in 2009



Prevention, they say, is better than cure so for the past year or so I have been highlighting various IBAS issues in articles for industry publication, *Betting Business*.

The purpose of the articles has been to encourage the industry to put measures in place that avoid disputes. This may seem perverse in that if my advice is followed then I could be sounding IBAS's death knell but the reality is that there are always new disputes that none of the office staff or panellists could ever have foreseen, despite our considerable years of accumulated wisdom.

Rather we see dispute prevention as a key activity for IBAS as it not only enhances the industry's reputation but also saves both ourselves and the industry wasting resources on disputes which, with a little forethought, may have been avoided.

My articles in *Betting Business* seek to inform and remind bookmakers of the regular areas of disputes, together with the ways in which operators can take measures that would help to avoid such incidents.

As an example, my first article in *Betting Business* concentrated on the 'obvious error' rule that is included in all bookmakers' rule books. This rule is a frequent source of complaint and bettors argue that if the error was not spotted by the staff who processed the bet (and who may even have marked the price or handicap on the slip) then the bet should stand as written rather than being settled on the corrected terms.

This argument, of course, overlooks the fact that shop staff are not trained to be betting experts knowledgeable in all areas of betting and that bookmakers' rules do not give authority to shop staff to accept bets which contradict the company's published rules. Nonetheless many shop customers think if they take a price displayed in error then the bookmaker has to pay out on it 'because the cashier (or manager) authorised it.'

Another topic I have covered is the need for staff to be able to recognise and reject bets which do not conform to an operator's rules. In my opinion the key to achieving this is staff education and in this regard I have long suggested that timely reminders to staff should be issued at the start of major televised events where a large number of novice punters are on the scene.

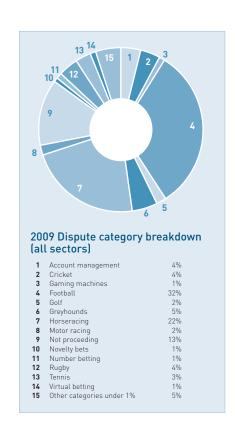
Such reminders to staff, who should then pass the information on to customers, could cover such diverse topics as [i] football bets being settled on 90-minutes' play unless indicated otherwise; [ii] related contingency multiple bets including elements where the likelihood of one selection being successful has an impact on the likelihood of another part of the bet being successful; [iii] F1 motor racing being settled on podium positions and not on any revised result.

Another issue that I have mentioned in the articles relates to the lack of clarity in bookmakers' rules.

One such example is off-setting, a term used when an operator attempts to deduct winnings from a customer who has been overpaid on a previous bet.

Many operators attempt to offset a customer's winnings even though they have no provision within their rules that allows such action. The operator may believe that it can rely on a court recognising the normal practice of one proven debt being offset against another but in our opinion it would be far better for operators to make specific provision for off-setting in their rules.

Late bets have historically been another contentious issue between betting operators and their customers. Time and again customers approach IBAS with a tale of woe that they offered a wager, it was accepted, and only after it was successful were they informed that the bet had been made void.



Customers who find themselves in this position make the obvious point that, if the bet had lost, they would not have known that the bet had been made void and would have thrown away their receipt.

One of the problems with late bets is that different bookmakers have different policies as to when a bet is too late. Some treat the 'off' as the off-time while others allow varying degrees of leeway, often dependent upon the length of the race. Clearly consistency and transparency would be virtues in these cases but unless all bookmakers move to the off-time as the cut-off then there will always be some element of confusion.

Finally, the subject of data validation is another key issue in disputes. Currently the Press Association is the main statistical provider to the industry, providing data on football matches, but in other sports independent data is often at best sparse, or even non-existent. With such a lack of data it makes dispute resolution very difficult and we can only hope that the industry will eventually move towards a standardised data source for all sports.

### How the Panel works

Throughout its 11-year existence IBAS has maintained a firm separation between the executive/administrative arm and the adjudication service it offers. The Chief Executive and his staff are therefore once removed from the Panellists, who have the decision-making power on all disputes.

This division of activities represents a deliberate separation of powers and ensures that the settlement of disputes does not become entangled with the day-to-day contacts with the gambling industry which form an integral part of IBAS's operations.

The Panel consists of 10 members, drawn from a variety of backgrounds, but with betting and gambling knowledge in common. Panellists have a free hand to investigate and test assertions by crossquestioning the parties to a dispute in writing and examining the events by whatever research is available. Rulings are not signed by Panellists so that pressure cannot be brought to bear on individuals. Although the aim is always to produce a ruling within the shortest available time, the Panel will be thorough and, when required, will repeatedly ask supplementary questions until they are satisfied that it is safe to proceed to a ruling.

Since the introduction of the Gambling Act 2005, all licensed gambling operators are required to have arrangements for an independent, third party to look into the disputes that they are unable to settle to the satisfaction of their customers. The change to the law has brought IBAS disputes involving retail betting, online gambling, bet exchanges, gaming machines and greyhound tracks. As a consequence Panellists have widened their gambling knowledge and gained an understanding of the relevant provisions of the 2005 Act.

Panellists have no influence over which cases are allocated to them. Panellists may reach a settled view on the merits of the dispute quite quickly, or they may exchange views with their colleagues by means of secure email.

Difficult or intractable disputes, or those which bring new issues, are presented to the quarterly Panel meetings. Here contentious cases are subject to close scrutiny and debate by the full Panel and a collective verdict is reached, often following considerable discussion.

Every dispute that is referred to the Panel is considered with reference to the facts of the dispute and the rules of the licensed operator, Panellists will also consider the conventions of the gambling industry. Panellists apply their specialist knowledge of gambling but do not rule on complex legal issues. IBAS does not hold itself out as offering a contract law service though, where appropriate, further consideration will be given to checking that licensed operators have complied with the standards set by the Gambling Commission and with the IBAS terms and conditions of registration.

IBAS rulings are binding on all parties, without prejudice to any legal proceedings that may be commenced subsequently.

When a bet is struck, there is an agreement between customer and operator that settlement will be made in accordance with the operator's rules. If the gambling operator has no rule governing the disputed situation then the Panel will impose its own rule based on what it perceives is consistent with fair practice and accepted industry convention. However the vast majority of disputes are covered by an operator's rule.

The nature of the adjudication process is that it produces winners and losers to a dispute, and this it shares with the betting process. This may seem a little harsh in a world where shades of grey exist in most areas of human interaction so, to ensure robustness, documentary evidence of assertions from either party is always required. Panellists will not formulate a ruling based upon assurances alone.

Ensuring a consistent approach to rulings gives added authority and allows each ruling to withstand scrutiny and be readily defensible. This has required the development of basic principles. In the adjudication environment these are:

- Verbal instructions (other than in telephone betting) are not taken into account.
- The intentions of either party are not taken into account.
- Bets are settled on the basis of what is written on the betting slip.

This approach requires customers to accept responsibility for what they have written and does not open the door to endless speculation as to what the 'real' intention was that lay behind the bet.

There are occasions where holding to these principles may produce what appears to be an anomalous ruling, but it will be a ruling supported by precedent and one which maintains the certainty of approach that builds trust between disputants and IBAS. In all of its rulings IBAS will attempt to be consistent with previous rulings issued in similar circumstances.

The ruling is the written document containing the Panel's conclusions and the reasons for those findings. The ruling is prepared in a way that promotes acceptance of the conclusions and closure of the dispute. IBAS accepts that it is the right of the parties to take the dispute to court following our ruling.

Although our rulings have not been examined by the higher courts, we are subject to the scrutiny of the Gambling Commission. The Commission has said it will not act as an appeal body for disputants unhappy with IBAS rulings, but it will look at the procedures that we have followed in a dispute to ensure that these are consistent with our published procedures and that we have reached supportable decisions.

The Gambling Commission requires licensed operators to submit a copy of every dispute ruled on by the operator's appointed adjudicator, by means of their regulatory returns. This enables the Commission to ascertain patterns in the type of dispute and type of customer that is party to disputes.

In addition IBAS draws on the Panellists' views on dispute trends to provide the Commission with information about customer service standards. Our aim is to improve the gambling experience for customers and operators by strengthening the regulations relating to open and fair gambling.

We recognise the importance of reaching an independent decision based on expert assessment of the maximum available evidence. The aim of IBAS is to facilitate the Panel in achieving this standard.











### Panel members' profiles

Robert Fenton (1) Studied Information Science at Leeds Metropolitan University and a graduate of journalism from the Belfast College of Business Studies. A sports journalist/sub editor for more than 30 years with the Belfast Telegraph, Northern Ireland's largest selling evening paper, with responsibility for covering football, greyhound and horse racing. He writes a weekly column dealing with all matters related to sports betting. Currently a disciplinary committee member of the Irish Football Association.

**Sam Willock (2)** Sam began his career as a branch manager before being promoted to various senior managerial positions within the retail sector of the industry. He is a former head of trading with a leading bookmaker and has experience in customer service and operational development. His 40 years in the industry brings a wealth of knowledge to the Panel.

**George White (3)** Started his journalistic career on Horse & Hound magazine. He was Founder Editor of the Sporting Life Weekender, moving on to become the Sporting Life's Managing Director between 1985-1991. Launched and was inaugural President of the Racing Times in the USA. Currently a systems analyst and computer programmer for American sports publications.

Keith Harris (4) Graduated from Hull University with a BSc (Hons) in Maths and Management Sciences in 1982. Employed for six years with a major bookmaker in branch management before going on to become a manager in their Customer Relations Department. Since 1990 he has had a career with the Inland Revenue, rising to a senior investigative managerial position within HMRC. Keith has been a member of the IBAS Panel since 1999.

**Kevin Pullein (5)** A recognised and respected leading authority on football betting, who writes for the Racing Post. He has developed a particular expertise in the mathematics of gambling. While soccer editor of the weekly Racing & Football Outlook, he also began writing daily for the Sporting Life. He has spent more than 18 years writing about football and betting for both specialist and general newspapers and magazines.

Tim Moore (6) After gaining a degree in Economics, Tim was drawn towards the betting industry and for 15 years worked as a betting shop manager rising to senior positions within a leading high street chain. He joined the National Joint Pitch Council at its outset in 1998, spending four years as a Betting Ring Manager before becoming General Manager in 2002 and CEO in 2004. Tim was seconded to the Gambling Commission for 18 months to consult on policy prior to the implementation of the Gambling Act.

Adrian Hunt (7) Started his journalistic career on the Greyhound Express and then worked for the Sporting Life, the Licensed Bookmaker and Betting Shop Proprietor and several weekly racing publications before a three-year stint with a family-run bookmaking chain. He joined the Daily Telegraph in 1978 and was racing editor of that newspaper from 1988 to 2006. Currently a freelance sports journalist.

Anthony Fairbairn (8) Director of the Racing Information Bureau, 1966-1986. Founder of the Racegoers Club 1968. Weekly correspondent, the Sporting Life, 1973-1980, [Charles Croft column], and from 1992-1996, [Tony Fairbairn's Monday Column]. Founder of Racecall, 1986. Managing Director of Pothunters, Telephone bookmakers 1995-2000. Co-author with Terry Wogan of To Horse, To Horse (1982).

John Cobb (9) The longest-serving racing editor on any national daily newspaper, having joined the sports desk of the Independent before its launch in 1986 after six years as a racing journalist at the Daily Mail. As racing editor at the Independent he covered all the major developments in the horse racing industry in the last two decades as well as writing on other sports, sports betting, news and features. John is now an Associate Editor on the Racing Post.

Andrew Fraser (10) Andrew Fraser has worked within a variety of government departments on policy and law enforcement, including tax policy and Budget measures, anti-smuggling strategy and dispute resolution.

He is a life-long punter with a well developed love of horse racing and general sports. In 2004 Andrew was appointed head of betting and racing policy at the Gaming Board.

Since 2007 Andrew has acted as a policy advisor to IBAS helping to realign their strategy to meet the demands of the new gambling environment. In 2009 Andrew became a member of the Panel.











# Gambling Dispute Resolution – the alternative approach by Andrew Fraser

This summer's World Cup will see a dramatic increase in the number of bets placed, not least by first-time customers unfamiliar with the betting environment. Inevitably a small number of these bets will end in a dispute.

Since September 2007, the Gambling Act 2005 has allowed bettors to take their grievance to court but in our opinion voluntary alternative dispute resolution (ADR) through IBAS offers a better way forward.

This is not just us promoting our selfinterest but is also very much in line with established Government policy. to see ADR for gambling and other commercial disputes becoming 'the cultural norm'. The Access to Justice Act gave equal validity to all forms of ADR as court proceedings, and the replacement for legal aid may now be used to fund ADR if this is assessed to be the most effective means of resolving a dispute.

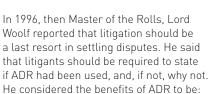
Of the various methods of ADR, adjudication is the one which most suits the gambling transaction. It draws upon submissions from the parties to the contract to produce an expert ruling within which is a clear decision. Although both sides agree to be bound by the decision prior to the adjudication process,

The alternative to ADR would be for both parties to a dispute to elect to go straight to court (and the nature of gambling is adversarial so it may follow that some disputants would favour a court battle) but such an action would not be without its pitfalls.

In practice few gambling disputes have reached the courts in the last two years, perhaps in part due to the reluctance of gambling businesses to risk the reputational fallout that can follow from adverse media coverage.

Historically the gambling contract had been gradually undermined as legally





- Less confrontation and better communication between the parties
- Reaching solutions that maintained commercial relationships
- Resolving disputes quickly and cheaply
- Saving court time and therefore public expenditure

Recently the Government has promoted ADR not only as one way to resolve disputes but as the first and most appropriate method.

The Government views ADR as a means of preventing litigation and would like

ADR does not preclude subsequent legal action from either party if they remain dissatisfied with the outcome.

Arbitration, another form of ADR, is a judicially recognised means of settling disputes involving a series of set procedures. It is rare for the courts to allow a dispute - once arbitrated by a registered body - to be given a court hearing.

ADR through mediation works best where a degree of fault lies on both sides and a strict adherence to the rules would appear to give an unfair outcome. Mediation relies on the agreement of both parties to a compromise settlement and can involve negotiations between the parties.

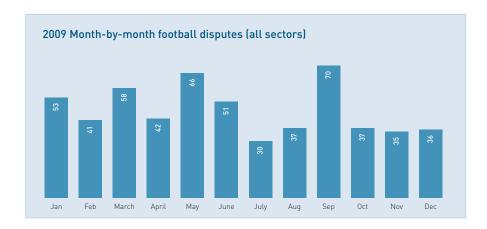
Mediation is now compulsory for the first stage of disputes involving all Government contracts, and all employment disputes are now referred to ACAS before a tribunal can be launched.

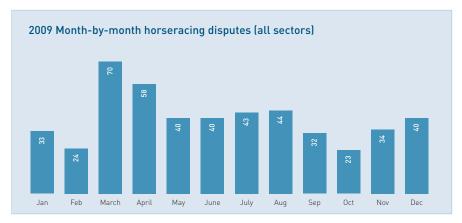


enforceable since the Gaming Act of 1710, and prior to the 2005 Gambling Act it had not been possible to take legal action to enforce a gambling debt since the Gaming Act of 1845. As a consequence the courts lack any experience in dealing with gambling cases, though common and statutory principles of contract law will apply.

Recent cases at District Court level have not involved any independent or expert testimony and have led to unexpected verdicts. Although judges' decisions at this level may be appealed and do not create binding precedents, this will nevertheless greatly concern litigants.

The courts can now adjourn proceedings if the judge decides that an agreed settlement is possible and ADR is appropriate. They have the power to impose cost penalties against those who unreasonably refuse to engage in ADR, even if they eventually win their case.





This could lead to higher costs awards against litigants in future gambling court cases where there has been no recourse to IBAS or an equivalent body. If the case is taken on a 'no win, no fee' basis, the deduction on a court award could be substantial

IBAS - created in 1998 - offers customers a free opportunity to resolve disputes

about gambling transactions by means of expert opinion without the need to have recourse to the courts. The application of adjudication to disputes places IBAS firmly within the Government's policy approach to ADR.

The organisation was created in response to recognition by the bookmaking industry that customer services and



protection needed improvement, and were falling behind the protections available to consumer transactions in other sectors of the economy.

IBAS has a proven track record in the careful examination of complex gambling disputes. We take account not only of the terms and conditions of the contract (the bookmaker's rules) but also the regulations imposed on operators by the Gambling Commission and relevant industry conventions.

Rulings on disputes are only part of the work that IBAS undertakes. Much of the time we are working to improve the gambling experience by highlighting common pitfalls and working with licensed operators to improve those rules that regularly lead to problems.

IBAS is the first non-statutory body to have an Information Sharing Agreement with the Gambling Commission which helps us to lobby for the changes to rules which we feel will help licensed operators to provide better customer services. The agreement also facilitates the passage of information about noncompliant operators.

The rulings produced by the IBAS Panel enjoy an impressive high level of compliance. During its 11-year history only three firms have refused to comply with an IBAS ruling or co-operate under our terms and conditions. It follows that these firms were de-registered.

Perhaps the gambling industry is actually ahead of the game. According to the Advice Services Alliance four out of the top five consumer complaints – secondhand cars, TVs, mobile phones and car repairs – have no adjudicator or other redress scheme. IBAS, with the support of the Gambling Commission, will continue to apply ADR in support of the gambling transaction.

### Financial statements

#### FOR THE YEAR ENDED 31ST DECEMBER 2009

#### 1. Background

# Independent Betting Adjudication Service Limited ("IBAS")

## Company number 04826792

# **Incorporated** 9th July 2003

#### Commenced trading 1st January 2004

#### **Corporate structure**

The company is limited by guarantee and as such has no share capital. In the event of the company being wound up, each member has guaranteed to contribute £1.

The company is not owned or controlled by any person. It has two classes of membership – Ordinary Members (providers of funding) and Director Members (independent individuals having particular knowledge and expertise in the areas in which the company operates).

At 31st December 2009 there is one Ordinary Member (Satellite Information Services Limited ("SIS")) and four Director Members (Paul Bellringer, Christopher Bird, Michael Messent and Chris O'Keeffe).

#### Directors

The directors who held office during the year are:

#### J P Reed

Resigned on -28th May 2009

#### M J Messent

Appointed as Chairman on 28th May 2009

T Ellis

P Bellringer OBE

C M Bird

C J O'Keeffe

#### **Company Secretary**

K L Smith

#### **Auditors**

Edmund Carr LLP were appointed during the year ended 31st December 2009. Edmund Carr LLP are deemed to be reappointed under Section 487 (2) of the Companies Act 2006.

#### 2. IBAS accounts have been prepared using the following accounting policies

# (a) Basis of preparation of IBAS financial statements

The financial statements have been prepared under the historical cost convention in accordance with the Companies Act 2006 and all applicable accounting standards.

The financial statements have been prepared on a going concern basis which is dependent upon the continued support of Satellite Information Services Limited (SIS). The directors of SIS have indicated their willingness to support the company in the foreseeable future by ensuring sufficient funds are available for the Company to continue trading. Therefore the directors of IBAS consider the going concern basis is appropriate.

#### (b) Turnover

Turnover represents the funding receivable from the one Ordinary Member (SIS), and income from other bodies.

#### (c) Property, plant and equipment

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following basis:

Office Equipment - 25% straight line Leasehold Additions - 25% straight line

#### (d) Pensions

The company operates a contributory money-purchase pension scheme. Payments made to the fund are charged in the financial statements as part of employment costs as incurred. Pension payments for the year totalled £15,352.

#### (e) Foreign Currencies

Monetary assets and liabilities denominated in foreign currencies are translated into Sterling at exchange rate ruling at the end of the financial year. Transactions denominated in foreign currencies are translated into Sterling at the exchange rate ruling on the date payments takes place unless related or matching forward foreign exchange differences are taken to the profit and loss account in the period in which they arise. Any resultant foreign exchange differences are taken to the profit and loss account in the period in which they arise.

# Profit and Loss Account for the year ended 31st December 2009

	Note	Year ended 31 December 2009 e £	Year ended 31 December 2008 £
Turnover	1	513,741	459,037
Net operating expenses	2	(502,607)	(474,541)
Operating profit/(loss)		11,134	(15,504)
Profit/(Loss) on ordinary activities befor interest	`e	11,134	(15,504)
Net interest receivable		-	1,679
Profit/(Loss) or ordinary activity before taxation	ties	11,134	(13,825)
Tax on profit/(loss) on ordinary activities	3	(1,413)	1,826
Retained profit/(loss)		9,721	(11,999)

# Balance sheet as at 31st December 2009

		2009	31 December 2008
	Note	£	£
Tangible fixed assets Tangible assets	s 4	6,800	3,594
Current assets Debtors Cash at bank and in hand	<b>s</b> 5	463,333 34,129	214,146 55,129
Creditors: amounts falling due within one year	g 6	(499,825)	(278,153)
Net current liabilities		(2,363)	(8,878)
Total assets less current liabilities		4,437	(5,284)
Profit and loss	accoun	t 4,437	(5,284)

1. Turnover		
	2009 £	2008 £
SIS	350,000	347,733
Subscriptions	163,741	111,304
Total Turnover	513,741	459,037

2. Operating profit		
Operating profit is after	charging: 2009 £	2008 £
Staff and related costs	264,838	243,613
Panellists	111,643	104,611
Legal & professional	4,666	3,356
Audit fees	3,050	5,679
IT & account services	11,000	11,000
Rent	56,626	56,433
Depreciation	4,181	5,624
Other	46,603	44,225
Total operating expenses	502,607	474,541

3. Taxation		
	2009 £	2008 £
UK Corporation tax	(1,413)	1,826

4. Tangible fixed assets		
	2009 £	2008 £
<b>Cost:</b> At 1st January	23,786	22,238
Additions	7,387	1,548
Disposals	0	0
At 31st December	31,173	23,786
<b>Depreciation:</b> At 1st January	20,192	14,568
Charge for the period	4,181	5,624
At 31st December	24,373	20,192
Net book value	6,800	3,594

5. Debtors		
	2009 £	2008 £
Amounts owed by the Ordinary member	440,621	173,867
Other	22,712	40,279
	463,333	214,146

6. Creditors		
	2009 £	2008 £
Amounts owed to the Ordinary member	364,302	215,693
Other creditors	33,938	28,383
Taxation and social security	47,695	444
Deferred Income	53,890	33,633
	499,825	278,153

NOTES	

NOTES	



