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The Football Index collapse - a timeline



Summary

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Summary

BetIndex Limited, trading as Football Index, was a sports betting platform that launched in 2015. It allowed customers to place bets on the performance of footballers. Customers were paid "dividends" according to player performances. If a player performed well, the transfer value went up and so did the "share price". The aim for customers was to identify rising stars and buy shares in them before selling at a profit.

An operating licence was issued to BetIndex by the Gambling Commission in September 2015.

In March 2021, BetIndex suspended operations and appointed administrators. According to [press reports](#), customers could lose more than £90m.

In April 2021, the Government [announced a review](#) to examine how the company's activities had been regulated. The [Independent Report into the Regulation of Football Index](#) was published in September 2021. This found, among other things, that:

- BetIndex failed to properly notify the Gambling Commission of the nature of the product in its licence application. In addition, it did not inform the Commission of changes to its product as it was required to.
- The Gambling Commission could have responded better with earlier scrutiny of the product offered by BetIndex, including of the language used by the product, quicker decision-making and action, and better escalation of issues.

Although Football Index was not regulated by the Financial Conduct Authority (FCA), the Report identified areas for improvement for the FCA. These included its speed of response to requests from the Gambling Commission and consistency of messaging on regulatory responsibilities.

The Government has said the Report's findings [will inform its response to its Review of the Gambling Act](#).

The Government has also said that [it will not use public funds to compensate customers who have lost money](#).

This Research Briefing gives a timeline of events and links to further sources.

1 Timeline

A summary of events since March 2021 is set out below.

1.1 Gambling Commission suspend BetIndex licence (11 March 2021)

On 11 March 2021, the Gambling Commission suspended BetIndex's operating licence. An [Information Notice](#) explained that the Commission had concerns that "activities may have been carried on in purported reliance on the licence, but not in accordance with a condition of the licence, and that Football Index may not be suitable to carry on with licensed activities".¹

A [Gambling Commission update](#) of 19 March 2021 noted that some elements of the BetIndex product were of a betting nature, while other elements were not. On the betting product features, the update explained:

Following concerns about the operator we began a formal Review into the licensee under section 116 of the Gambling Act on 20 May 2020. The focus of our review was to address issues in relation to the betting aspect of the product. At that stage there were no grounds to suspend their operating licence.

(...)

In the early part of March, BetIndex advised of plans to self suspend with a view to restructure and relaunch. Our concerns as to the timings of this and the position regarding customer funds led us to suspend the licence on 11 March 2021. We have acted in tandem with the Jersey Regulator, with whom BetIndex also hold a licence.

We know from experience that the suspension of a licence can, of itself, trigger or hasten the financial decline of an operator and put customer funds at risk. That is why we will always consider whether there are steps short of suspension that can still deliver the right regulatory outcomes and address the risks that consumers face without accelerating the financial collapse of a business. We will therefore only turn to suspension when that is the only option for delivering the right regulatory outcome and, indeed, the legislation requires us to exercise those powers in that way. We were satisfied that on 11 March suspension was the only regulatory option left available to us.

¹ Gambling Commission, [Information notice: Suspension of licence - BetIndex Limited](#) [online], 12 March 2021 (accessed 25 May 2022)

Whilst our investigation is ongoing our priority is to ensure the licensee focuses on treating consumers fairly and keeping them fully informed of any developments which impact them.²

1.2 Betting and Gaming Council suspend BetIndex membership (12 March 2021)

On 12 March 2021, the industry body, the Betting and Gaming Council, suspended BetIndex's membership.³

1.3 Government announce Independent Review of Football Index (20 April 2021)

On 20 April 2021, John Whittingdale, the then Minister of State for Media and Data at the Department for Digital, Culture, Media and Sport (DCMS) [announced a review into the regulation of Football Index](#):

...A principal purpose of the review will be to take an objective look at the decisions and actions of the Gambling Commission and any other relevant regulators, to provide a clear account of how the company's activities were regulated and identify if there are potential areas for improvement in how complex products are treated.

Its findings will form part of the evidence informing the Government's Review of the Gambling Act 2005, which was announced in December 2020. The Review is considering whether changes are needed to the regulatory framework around gambling, including the Commission's powers and resources and how it uses them. It is also looking at how novel and complex products should be licensed and regulated.

The Commission's regulatory investigation into BetIndex Ltd is continuing. This independent review is separate to that investigation and will be carried out and report in a way which will not compromise it. It will also be without prejudice to the ongoing administration proceedings, which among other things are looking at assets and liabilities of the company and recompense to customers...⁴

The Review was welcomed by the Gambling Commission⁵ and the BGC.⁶

² ["BetIndex – update"](#), Gambling Commission News [online], 19 March 2021 (accessed 25 May 2022)

³ ["Suspension of BetIndex Ltd's membership of the BGC"](#), BGC News [online], 12 March 2021 (accessed 25 May 2022)

⁴ DCMS, [Regulation of Football Index](#), Written Ministerial Statement (HCWS929), 20 April 2021

⁵ ["BetIndex – update"](#), Gambling Commission News [online], 19 March 2021 (accessed 25 May 2022)

⁶ ["BGC response to Government announcement on Football Index"](#), BGC News, 20 March 2021 (accessed 25 May 2022)

June 2021 update

Further details of the Review were [announced](#) by Mr Whittingdale on 7 June 2021:

...As outlined in the Terms of Reference...the Review will cover the period from the granting of BetIndex's gambling licence in September 2015 to the Gambling Commission's suspension of that licence on 11th March this year. It will principally report on the actions of the Gambling Commission in assessing, licensing, and monitoring the operator, responding to concerns and delivering its objectives. The review will also consider how the Financial Conduct Authority responded to questions from the Gambling Commission and how it considered whether the product amounted to a regulated activity under the Financial Services and Markets Act...⁷

The [Terms of Reference for the Review](#) (PDF) are available from the parliament website.

1.4

Independent Report on Football Index published (22 September 2021)

The [Report into the Regulation of Football Index](#) was published on 22 September 2021. The main findings were set out in an accompanying [DCMS news release](#):

- In the first instance, BetIndex did not properly notify the Gambling Commission of the nature of the product in its licence application, nor did it inform the regulator of changes to the product after launch as it was required to.
- The Gambling Commission could have better responded to the challenges that the novel product raised once launched, with earlier scrutiny, including of the language used by the product, quicker decision-making and action, and better escalation of issues.
- While Football Index was never regulated by the FCA, areas for improvement for the FCA have been identified, including in speed of response to requests from the Commission and consistency of messaging on regulatory responsibilities.⁸

The news release also explained that the Gambling Commission and the FCA were taking the following steps to improve ways of working:

- They have developed a strengthened Memorandum of Understanding, which includes new escalation routes to make sure regulatory impasses are identified and overcome quickly.

⁷ DCMS, [Update on review into the regulation of BetIndex Ltd](#), Written Ministerial Statement (HCWS63), 7 June 2021

⁸ ["Government publishes independent report into regulation of Football Index"](#), DCMS press release [online], 22 September 2021 (accessed 25 May 2022)

- The Gambling Commission has updated its framework for how it assesses risk so that product novelty is properly considered, as well as committing to consulting on tighter rules for the terminology used to describe gambling products. This includes making clear distinctions for consumers where products are gambling, rather than ‘investments’.
- The FCA has additionally nominated an Executive Director to oversee the relationship with the Commission, and continue to pursue its programme of change as set out in its July Business Plan.⁹

The Report asked whether more should be done to make sure that gambling companies offering long term bets would be able to cover payouts. This would be considered as part of the Government’s forthcoming gambling white paper.¹⁰

DCMS Written Statement (22 September 2021)

In a [Written Ministerial Statement](#) of 22 September 2021, Chris Philp, Parliamentary Under-Secretary of State at the DCMS, said the Report had “raised some important questions for the government’s ongoing Review of the Gambling Act 2005...including a close examination of the Gambling Commission’s powers and resources”.

Gambling Commission statement (22 September 2021)

In a news release of 22 September 2021, Gambling Commission CEO, Andrew Rhodes, [said the Commission had sought the best outcome for consumers within the scope of its powers](#):

...We accept and agree that we should have drawn a line under our efforts sooner, but this does not mean those customers would not have lost money in the event of the BetIndex company collapsing. Throughout this case we sought the best outcome for consumers within the scope of our regulatory powers.

The review provides a number of helpful recommendations for how both regulators can work better together and for how our regulatory approach deals with novel products.¹¹

Mr Rhodes also noted the blurring of the lines between gambling and other products:

In recent years we have seen an increase in the complexity of business models and product offerings. The lines between what is gambling and other types of products, such as financial services or computer games, has become increasingly blurred and no longer neatly fit into existing statutory definitions of gambling.

We have already acted on a number of the recommendations in the report. This has included more explicitly including novel products as one of the factors we consider as part of our assessment of a gambling company’s risk. We have also further

⁹ Ibid

¹⁰ Ibid

¹¹ [“Gambling Commission responds to independent inquiry into BetIndex”](#), Gambling Commission press release [online], 22 September 2021 (accessed 25 May 2022)

strengthened the Memorandum of Understanding we have with the FCA so that issues that blur the lines between financial services and gambling are escalated and actioned more rapidly...¹²

1.5 Gambling Commission revokes BetIndex licence (28 September 2021)

On 28 September 2021, the Gambling Commission revoked the operating licence issued to BetIndex Limited.¹³

1.6 Gambling Commission blog (13 October 2021)

A [blog post of 13 October 2021](#) by Andrew Rhodes, the Gambling Commission CEO, responded to issues raised by Football Index customers on the Commission's role, responsibilities and actions.¹⁴

¹² Ibid

¹³ Gambling Commission website, [Sanction: BetIndex Limited](#), 28 September 2021 (accessed 25 May 2022)

¹⁴ Andrew Rhodes, ["Football Index – your questions on the Gambling Commission's role and responsibilities answered"](#), Gambling Commission blog post, 13 October 2021 (accessed 25 May 2022)

2

Will customers get their money back?

The Government has been asked about the introduction of a redress scheme to compensate Football Index customers who have lost money.

An Early Day Motion (EDM), tabled in November 2021, [called for the “Government to do all that it can to ensure that those owed money receive full reimbursement”](#).¹⁵ The EDM received 39 signatures.

In response to parliamentary questions, the DCMS has said it will not use public money to compensate customers:

The Government appreciates the significant impact that the collapse of the novel gambling product Football Index had on former customers. BetIndex, the company which operated Football Index, went into liquidation on 5 November. The process is continuing and it is likely that this will result in some amounts being reimbursed to creditors. There is no compensation scheme for losses caused by a gambling firm ceasing to operate and the government does not think it would be appropriate to use public funds for these purposes.¹⁶

¹⁵ [EDM 697 2021-22: Football Index collapse](#), tabled 25 November 2021

¹⁶ [PQ 112706 \[on BetIndex Limited\]](#), answered 3 February 2022

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