

Dear [],

I write in extreme anger at frustration at the copy and paste response that I have received from you. It is clear that, like the government and regulatory bodies, you are displaying precisely the same lack of responsibility that they have. This is something that I specifically warned against in my initial letter, which it appears you have not read.

In my letter, I made it very clear that the 10,000+ members of FI Action had up until now been extremely patient with the government, as there is no doubt as to the colossal failings of both the GC and FCA. However, responses like yours only serve to bring us closer to the end of our patience and force us to be more active and vocal in our response.

In relation to your letter, I note the following:

- You have simply copied and pasted a pre-written response
- You have not made any reference to any of the specific points that I have made
- You have not made any reference to the hundreds of customer letters that I sent you
- You have not made any reference to the flaws/limitations of the independent review
- You have not made any reference to the significance and depth of the failures of the regulators
- You have not responded to my specific request for you to write to the gambling minister Chris Philp, demanding redress for myself and every other victim of FI
- You have not responded to my request to meet to explain circumstances in more detail

Given the above, I question how you can begin to justify your role as my MP if you are not actually willing to engage in the tough conversations about such a significant scandal.

In response to your letter, I note the following:

- You mentioned that “Mr Sheehan’s report was completed in such a way to avoid prejudicing a number of ongoing processes and investigations into BetIndex Ltd”. This statement is not relevant and I don’t believe that you understand why.

i) Private legal claims against the directors of BetIndex are being investigated, but this has no relevance to regulatory failure and the provision of government redress as a result of that.

ii) The GC’s internal investigation into BetIndex, which has quite incredibly (but also unsurprisingly) taken over 18 months, has no relevance to regulatory failure and the provision of government redress as a result of that.

iii) You mention that “the Gambling Commission has referred the company to the Insolvency Service to ask that they consider whether the actions of the directors prior to administration breached insolvency or fraud laws”. Once again, this has nothing to do with regulatory failure and the provision of government redress as a result of that. Moreover, the very fact that the regulators potentially allowed a fraud to occur is a further damning indictment of their colossal failure, especially given that one of the three statutory duties of the GC is to prevent gambling from being a source of crime. Yet this clear breach of their statutory duty is one of the many points that has not even been mentioned in the independent report, which as I have mentioned, is extremely limited.

Overall, if you understood the full story, you would know that all of the other ongoing investigations do not preclude the government from setting up a compensation scheme for victims. You would also know this if you had read my letter, where I drew a comparison to the LCF scandal. In that scenario there was also an administration process, regulatory investigation and potential legal/fraud investigations ongoing whilst the compensation scheme was set up. Therefore, there is absolutely no excuse for not addressing this urgent situation immediately.

- You mention that you “understand that the report identified areas where the Gambling Commission could have been more effective”. This is a total misrepresentation of the reality of the situation, in that, the GC and FCA failed spectacularly in their duties. It is also an indication that you yourself do not understand the scale and depth of this scandal. This is not a case of “being more effective”, it is a case of colossal regulatory failure that has allowed £124m of bets/investments to be staked but not honoured. The report gives clear evidence of failure on the part of both bodies of which the consequence should be redress, but moreover, the failings of the GC and FCA are in fact far greater than what has been outlined in the independent review and that you are aware of. Who is going to take responsibility in government for uncovering the true picture and holding the regulators to account via interrogation and cross-examination?
- You mention that “The report has also raised some important questions for the Government’s ongoing Review of the Gambling Act 2005”. This is an unacceptable attempt to direct the narrative away from the present and very real suffering of thousands of FI victims towards future government reform. I stated specifically in my letter that we should not, and will not be, collateral damage in the process of creating a regulatory system that is fit for purpose. We must be compensated for the colossal and life-altering failings of two of the biggest regulators in the UK.
- You mention that “administration proceedings for BetIndex are continuing and that these are looking at the assets and liabilities of the operator and what is owed to customers. It is likely that this process will result in some amounts being reimbursed to creditors.” Once again, this shows an appalling lack of understanding and curiosity about this scandal. It is known that the liquidation of BetIndex will at the absolute maximum yield 5p in the £1 for any victim. To someone that staked/invested £100,000, this represents £5,000. It is totally irrelevant when it comes to the damage inflicted on the lives of victims and their families. They still stand to lose everything. Moreover, if you understood the full story you would know that part of the reason why there is such little money left in the company is that the regulators permitted the company to not hold any reserves with which to meet the £124m of bets/investments that they took.
- You also mention that “Football Index was materially impacted by Covid 19 and the suspension of football.” Yet again, this shows a total lack of understanding of the true story, and again is an example of the limitations and flaws of the independent report, in that it has allowed the GC to set the narrative on events. The reality is that FI took in significant amounts of capital at the beginning of the pandemic. It was their aggressive use of capital (potentially fraudulently) and lack of maintaining a liability reserve to meet bet/investment obligations that led to the rapid deterioration of the business. Once again, this is something that was enabled by the regulators.

- You mention that “BetIndex was never regulated by the FCA”. Yet again, this is an over-simplification and denial of the reality of the situation. The FCA twice stated that the product fell within their regulation yet changed their mind. The report has not considered the question in detail as to whether the product fell under FCA regulation. Yet again, this highlights how the limitations of the report are informing the government’s response, which is totally unacceptable.

I am extremely angry and frustrated by your response and the response of the government. This is on the back of the response of the CEO of the GC, whom I mentioned in my letter. As fate would have it, the CEO recently made another comment that had they intervened earlier in 2019 “the result would have been the same”. To the individuals and their families that have been devastated by this, this is yet another absolutely disgusting comment from the CEO of the GC. Moreover, it is entirely untrue given that anyone who joined after 2019 would not have lost any money if the GC had closed the product down. I repeat, to have the narrative of the only inquiry into this matter be directed by individuals and an organisation such as this is absolutely unacceptable.

If a compensation scheme is not setup swiftly, FI Action will push for a Select Committee inquiry to investigate the FCA and GC, to hold them to account and to apportion blame and liability where appropriate.

I would greatly appreciate a full response from you in relation to not only my initial letter, but also this letter. I hope that you, as part of your response, commit to writing to Chris Philp MP, demanding redress on my behalf.

Finally, I expect you to urgently arrange a time to meet with me and any other affected constituents so that we can explain matters in more detail.

I look forward to hearing from you.

Regards,