



Ofcom Consultation: Online Safety Transparency Guidance

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Representing 300 firms, we're a centre of trust, expertise and collaboration at the heart of financial services. Championing a thriving sector and building a better society. This includes helping lead the industry's collective fight against economic crime in the UK, including combatting fraud and cybercrime. This response is representative of our diverse membership and follows a series of member-led engagements.

Executive Summary

We are pleased to respond to Ofcom's consultation on the proposed draft transparency reporting guidance, which will help to ensure online services are sufficiently incentivised to reduce illegal harms. We welcome the Ofcom consultation and the extensive guidance that has been drafted, our core observations where Ofcom's approach could be enhanced are as follows:

Ensuring transparency focused on harm levels: UK Finance is supportive of the examples of information that Ofcom will request within their transparency notices. For further enhancement, an additional metric which asks for information on the time taken to respond to a report and remove illegal content will incentivise Online services to act promptly. Ofcom was extensive in detailing the risk factors in the illegal harms consultation, the transparency reports need to focus in on each of the risk factors and cross reference to fraud rates

Risk based approach for notices: Currently, the content of transparency notices are planned to be shaped around the capacity of a provider and the number of users it serves. However, a risk-based approach that considers emerging threats should be incorporated, particularly considering new types of fraud or scams prevalent on online platforms. Ofcom should regularly review the contents of these notices to address evolving risks, as platforms often face new and rapidly developing types of illegal content, such as sophisticated financial scams.

Highlighting best practices and providing a reputational incentive: UK Finance suggest that Ofcom's reports should be designed as Scam League Tables, which outline which platforms are failing to prevent fraud. The rationale for this is that this will increase user awareness of the safest platforms to use and will replicate the regulatory requirements set for the Financial Services (FS) sector by the PSR (Payment Systems Regulator).

4.4: Ofcom's approach to determining the notices

Are there any other factors that Ofcom might consider in our approach to determining the contents of notices that are not set out in the draft guidance?

For service providers to fulfil their duty of removing illegal content, service providers should be incentivised to remove illegal content promptly through Ofcom. This can be achieved through Ofcom collecting data from service providers on the time content was exposed from its first report to the time it was taken down. And the industry median should form expectation threshold so there is consistency of removal pace.

Moreover, the determination of the contents within the notice uses risk profiles that centres around the capacity of the provider and the number of users it has rather than a risk-based approach that considers emerging threats. The content of transparency notices should be reviewed regularly to respond to the growing prevalence of certain illegal harms on online platforms. Online services that perform well with emergent threats should be used as case studies or guidance for other platforms, to encourage stronger proactive mitigation.

The FS sector operates under a Risk Base Approach (RBA) regime, this is irrespective of the size of firm. Controls are tightened dependent on the risk profiles identified by the FS firm, and there is threat landscape monitoring to understand the migration of criminals and fraud types, as well as horizon scanning to increase or develop controls. Consideration of the content of notices Ofcom sends out should be applied on a similar risk-based approach based on the illegal harms that are prevalent or viable on the online service. The information which Ofcom should seek should include breakdowns such as follows:

1. **Account Information Collection:** Platforms collect data such as contact number, email, name, address, and date of birth for creating accounts or profiles, along with optional registration details like phone number or email.
2. **Verification and Assurance:** Platforms should provide details on how collected information is verified, the level of assurance provided, and evidence that email link responses don't equal electoral roll matches.
3. **User Authentication & Fraud:** Platforms should offer insights into the proportions of users who undergo verification, the processes applied, fraud rates associated with each group, and evidence of process effectiveness.
4. **Compliance & Authenticity:** Platforms must outline steps to enforce profile authenticity policies, assess non-compliance rates among UK users, and provide a detailed breakdown of enforcement actions.
5. **Inauthentic Behaviour & Harm:** Platforms should report on instances of coordinated inauthentic behaviour affecting UK users, including the number of users impacted, actions taken, and an analysis of harm caused by fake or anonymous accounts.

Is there anything that Ofcom should have regard to (other than the factors discussed in the draft guidance) that may be relevant to the production of provider transparency reports? This might include factors that we should consider when deciding how much time to give providers to publish their transparency reports.

The consultation outlines that relevant service providers will have between 2 and 6 months to produce their transparency reports in response to a notice. For the FS industry, the PSR requires banks to respond to transparency notices and publish transparency reports, at a minimum the time for service providers to respond should be replicated as a baseline.

Given the scale and volume of users of online services and online marketplaces, an aggregated transparency report by service type should be produced on a quarterly basis. This should provide a holistic view of the measures and controls implemented by individual platforms and showcase not only the figures pertaining to take downs but also the scam adverts that were not captured. The report should not only focus on the proactive take down by platforms but also those that are retrospective and there relevant timelines for take down.

4.5: Ensuring the transparency reports are useful and accessible

Beyond the requirements of the Act, are there any forms of insight that it would be useful for Ofcom to include in our own transparency reports? Why would that information be useful and how could you or a third party use it?

The FS sector would be very supportive of Ofcom publishing its own transparency reports, that highlight best/poor practices across the sector. Ofcom's transparency reports should include both the amount of illegal content on platforms as well as the rates and speed that illegal content, including fraudulent advertising, are removed from platforms. It is important that this data is published in the public domain to increase accountability and increase consumer awareness of the risk profiles of different platforms. The FS sector is subject to a scam league table, and this should be replicated for platforms to provide a reputational incentive to implement best practices.

Publishing best practices helps to unlock the relative benchmark for effective removal of illegal content, which can be used to identify which technologies are most effective in removing illegal content.

Through its own transparency report, Ofcom should make available the following information: volume of complaints, volume of take downs (broken down by scam type), volume of people who saw the content, average time for removal. This could be produced in a similar manner to the annual Fraud Report produced by UK

Finance.¹ Through its publication, platforms, or marketplaces not in line with best practices could be identified and relevant guidance be produced to raise their standards.

This would rank platforms based on their response times and effectiveness in removing fraudulent and illegal content, creating a reputational incentive for platforms to increase compliance as platforms with better practices would be publicly recognized, while underperforming platforms would face pressure to improve.

To do this Ofcom could consider using the case reports (confirmed financial losses) on Authorised Push Payment (APP) Scams, from Financial Service Institutions, to assess a Services adherence to the act. To go one step further, this comprehensive data could be used form the equivalent of a user complaint, giving Ofcom valuable insight to help assess whether individual companies are doing enough to protect their users from illegal harms.

Similar benchmarking data is produced by the Payments Systems Regulator to assess the effectiveness of the financial services industry's controls. Ofcom could also look to assess the speed with which online services remove content when a trusted flagger reports a concern with content.

We also believe that there will be a subset of data that the platforms and marketplaces will not know i.e., how many scams bypass their filters. The FS sector will be able to provide data regarding the enablers of the scams that do still ultimately take place and result in the payment from a victim to a scammer. This data would provide insight as to the effectiveness of the measures that are being put in place by the platforms to detect and remove fraudulent content, highlighting areas where more needs to be done.

We would therefore encourage Ofcom to engage with the PSR (Payment Systems Regulator), which is directing PSPs to publish data regarding their scams figures and reimbursement rates, to also require PSPs to publish their scams enabler data. This would require service providers to publish the data in a consistent way, resulting in it being more effective and reliable.

Do you have any comment on the most useful format(s) of services' transparency reports or Ofcom's transparency reports? How can Ofcom ensure that its own transparency reports are accessible? Provide specific

¹ <https://www.ukfinance.org.uk/policy-and-guidance/reports-and-publications/annual-fraud-report-2024>

evidence, if possible, of which formats are particularly effective for which audiences.

An example of a good quality, accessible transparency report is the annual reports produced by Gumtree.² Gumtree's transparency reports details year on year change in how many fraudulent advertisements are removed, the number of harmful messages that were stopped and the number of accounts that were banned. This should be a minimum requirement across all online services.

² <https://www.gumtree.com/info/safety/p/trust-safety/gumtree-uk-transparency-report-2023/>