

# Online Safety Bill: Committee Stage



## Representation from LV= General Insurance

### ABOUT LV= GENERAL INSURANCE:

LV= General Insurance (LV= GI) is one of the UK's largest personal lines insurers with over seven million customers. We provide car, home, pet, travel, landlord, breakdown, and home emergency insurance, and offer our services directly to consumers as well as through intermediaries, such as brokers, affinity partners and IFAs.

### SUMMARY:

LV= GI is supportive of the Online Safety Bill ('the Bill'), and in particular the inclusion of provisions which relate to online financial scams which are promoted via paid-for-advertisements. However, we strongly believe that in order for the legislation to be truly effective in this area, there are a few loopholes which need to be closed to ensure that fraudsters cannot exploit unnecessary gaps in the legislation.

There are three key areas that we believe need to be addressed in order to ensure that the Bill successfully protects the public:

1. The legal requirement for search engines (Category 2a firms) to tackle scam adverts must be consistent with those set out for large user-to-user sites (Category 1 firms) such as Twitter and Facebook.
2. It is essential that guidance provides clear expectations for firms in their duty. At present, some of the Bills language is ambiguous and open to interpretation. As an example, Clause 34 (1) asks providers to 'minimise the length of time' that fraudulent advertising is present. Guidance must set out the expected time for firms to remove such adverts, otherwise there is little incentive to act promptly.
3. The Bills measures must apply to all online advertising providers. The Bill does not currently apply to Category 2b firms, which are smaller, 'user-to-user' websites that host adverts. It is our belief that omitting this category from the scope of the Bill will encourage scammers to target consumers through paid-for content on these sites.

### CONSUMER DETRIMENT:

As an insurance company we see first-hand the emotional and financial impact that fraudulent adverts can have on a person, often at times of extreme stress. There are two main examples of harm caused by online financial scams which are promoted via paid-for-advertisements that we see as a general insurer – misleading adverts on Category 2a sites that imply they are linked to LV= (and other insurers) and adverts on Category 1 firms which are for 'ghost brokers' (fraudsters who usually pose as online insurance brokers and sell fake policies to motorists).

#### Misleading adverts on Category 2a sites:

Following a collision, motorists (many of whom will be in shock) will attempt to contact their insurer or the at fault motorist's insurer to report the accident. Using a search engine (Category 2a) on their mobile device many will search for something along the lines of "lv report an accident" and will often come across adverts at the top of the page which will be placed by lead generators or Claims Management Companies (CMCs). In many cases the link will auto dial a number, duping the motorist into believing they are calling and eventually speaking to their insurer.





The consequences of being misled can be financially and emotionally distressing. Motorists will often receive an email from the company they have spoken to asking them to complete a docuSign link to a number of legal documents. As a result, consumers can end up entering into detrimental credit hire agreements, and some will end up in adverse funding agreements with a claimant solicitor firm suggested by the scammers, which entitles their solicitor to receive anywhere up to 40% of any damages awarded by the compensating insurer and/or the court. In extreme cases we have received customer complaints whereby their car has been sold to a salvage company without their consent or before they were given an opportunity to retrieve valuable personal items such as prescription sunglasses or car seats, whilst others have received speeding fine notification letters from the period their car was allegedly in paid storage or undergoing repair. Customers will only find out they have been duped when they contact us to chase delays on their repairs or to request an update, and learn that they have never reported a claim. This can cause a great deal of anxiety as they struggle to understand who has possession of their vehicle, and many are embarrassed not realising this is a scam that is easy to fall for, particularly following a traumatic incident such as a car accident.

### **Ghost brokers via Category 1 firms:**


Ghost brokers are fraudsters who usually pose as online insurance brokers and sell fake policies to motorists. Many ghost brokers advertise on social media sites (Category 1), offering “too good to be true” insurance deals. Over the past two years, LV= GI has uncovered an increase of 66% of ghost brokers, and we are currently investigating 20 organised fraud inquiries linked to ghost broking and policy fraud, equating to £2 million in value. The consequence of ghost brokers can be devastating when following an accident, motorists find out they are not insured, despite being led to believe they have paid for it and are therefore left out of pocket. Ghost broking also puts road users at a higher risk of an accident or serious injury as high risk drivers and vehicles are driven on the roads using fake insurance policies avoid detection by police Automatic Number Plate Recognition (ANPR) technology.

### **HOW TO ADDRESS THE ISSUES:**

To ensure that consumers are protected from the emotional and financial devastation of online financial scams which are promoted via paid-for-advertisements, we believe that the following points must be addressed:

1. The legal requirement for search engines (Category 2a firms) to tackle scam adverts must be consistent with those set out for large user-to-user sites (Category 1 firms) such as Twitter and Facebook.
  - The Bill stipulates that firms defined as ‘Category 1’ will have a duty to prevent people from encountering scam content on their sites; to minimise the length such content is present; and to swiftly take down this content.
  - However, ‘Category 2a’ firms will only be required to “minimise the risk” of individuals encountering scams content on their site.
  - This raises concerns about whether the legal duty for search engines is stringent enough and would create a loophole in protections that scammers could exploit, potentially resulting in more fraud perpetrated via paid-for advertising on search engines.
2. It is essential that guidance provides clear expectations for firms in their duty. At present, some of the Bills language is ambiguous and open to interpretation. As an example, Clause 34 (1) asks providers to ‘minimise the length of time’ that fraudulent advertising is present.
  - Guidance must set out the expected time for firms to remove such adverts, otherwise there is little incentive to act promptly.



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3. The Bills measures must apply to all online advertising providers. The Bill does not currently apply to Category 2b firms, which are smaller, 'user-to-user' websites that host adverts.
    - It is our belief that omitting this category from the scope of the Bill will encourage scammers to target consumers through paid-for content on these sites.

Unless these are properly addressed we are concerned that unscrupulous companies will seek to take advantage of the obvious gaps in legislation.