Treasury Committee
Work and Pensions Committee
House of Commons, London SW1A 0AA
Tel 020 7219 8976 Email workpencom@parliament.uk Website www.parliament.uk/workpencom

From the Chairs

21 July 2021

Dear Prime Minister

Online Safety Bill

Recently you told the Liaison Committee that "one of the key objectives of the Online Safety Bill is to tackle online fraud" and that you would be happy to look at the Bill if it was "in some way inadequate" in that respect. We are writing now to take you up on that offer.

The current proposals would legislate against certain types of user-generated fraud online, but not against the same fraud committed through a paid-for advertisement. Unusually, public bodies and office holders— including the Financial Conduct Authority (FCA), Governor of the Bank of England, Financial Services Compensation Scheme and the City of London Police—have been outspoken in evidence to both of our Committees about the need for the Bill to include paid-for advertising if it is to tackle online fraud. Based on this, both of our Committees have recommended an obligation in the Online Safety Bill for online platforms to prevent online frauds through paid-for advertising.

Although an EU exemption for online financial promotions from UK financial promotion rules ended on 31 December, the FCA has said that there are limits to what it can do to tackle online harm, and that leaving legislation unchanged will continue to result in significant consumer harm that the FCA is unable to mitigate.

We would welcome responses to our questions below:

1. Could you set out the reasons why the Government's policy so far has been to legislate against user-generated fraud but not fraud committed through paid-for advertisements?

2. What discussions has the Government had with the FCA about its concerns and about the drafting of the Online Safety Bill? What is the Government's response to the FCA's concerns that it does not have the enforcement powers it needs?
3. Can you explain how the draft legislation is intended to tackle a wide range of fraud, including financial fraud on social media and dating apps?

We understand that online advertising is due to be addressed in separate work under way at DCMS, with a consultation due later this year. We agree with all the bodies listed above that the opportunity to tackle it in this Bill should be taken. The separate work began with a Call for Evidence two years ago, but has not yet produced anything. There is as yet no timetable for the consultation later this year leading to change in the law. In the meantime, fraudulent online adverts will continue to do immense harm.

Legislating against fraud committed through paid-for advertisement has strong cross-party support and not doing so will result in potentially large financial losses to the public. We would, therefore, strongly encourage you to look at this again.

We would be grateful for a reply by 4 August. In line with our usual practice our Committees would expect to publish this letter and your response.

Yours sincerely,

Rt Hon Stephen Timms MP
Chair, Work and Pensions Committee

Rt Hon Mel Stride MP
Chair, Treasury Committee