

Written evidence submitted by Facebook Inc

Rt Hon. Mel Stride MP
Chair of the Treasury Committee
House of Commons
Committee Office
London SW1A 0AA

19 October 2021

Dear Mr Stride

Thank you for inviting Facebook to give evidence at the recent meeting of the Treasury Committee and its inquiry into Economic Crime, and for your subsequent letter of 1 October. This response is being provided on behalf of Facebook Inc.

We are pleased to provide a response to the questions you have raised. As you are no doubt aware, we are not in a position to share commercially sensitive information and have to be mindful of privacy and data sharing obligations in a public forum. Notwithstanding this, we have endeavoured to be as transparent as possible in our responses below and hope that this further information is helpful.

- 1. *Expenditure by the Financial Conduct Authority (FCA) on your platform to protect consumers***
 - a. How much has the Financial Conduct Authority (FCA) paid you in each of the last three years (2019, 2020 and 2021) to warn users of your online channels about unauthorized advertisements and user generated content?*
 - b. What arrangements have you entered into to compensate the FCA for the costs of that advertising?*
 - c. Apart from offering an advertising credit, would you refund the FCA for the cost of their advertising?*
 - d. Have any other public sector bodies paid for financial crime related advertising? (and if so please provide details including the amount spent with you and when).*

We have an obligation to those that advertise with us to keep details of their campaigns and ad spend confidential; but, as the advertiser, the Financial Conduct Authority (“FCA”) may be willing to provide information on the fraud awareness campaigns they have run with us, and how they pertain to the services we offer.

As I mentioned at the hearing, Facebook has several touchpoints with the FCA across many of our teams; to date, the FCA has not raised the issue of refunding advertising spend. Should it arise we will liaise with the FCA on the best way forward.

To the best of our knowledge, no other UK public sector bodies have paid for advertising with us to raise awareness of financial fraud. We have however recently pledged to support Take Five to Stop Fraud, the anti-fraud campaign run by UK Finance. Further details are available in response to question 6 below.

I would also like to take this opportunity to provide clarification to my response to Q286 at the hearing - Facebook does provide in-kind support to regulators, and many in the UK, like the Advertising Standards Authority (“ASA”), and consumer groups like Gambleaware. We have not as yet provided that kind of support to the FCA but look forward to having that discussion as part of our regular meetings.

2. Data transfer to identify and prevent fraud and other economic crime

- a. What data do you transfer between your platform, other platforms and law enforcement agencies to help identify fraud and other economic crime?*
- b. What legal or other barriers exist to data transfer?*

We have a dedicated Law Enforcement Outreach Team based in London. They work closely with UK law enforcement and have an established relationship with the City of London Police, as the national lead police force for fraud, and the Dedicated Card and Payment Crime Unit. Through this successful partnership, Police provide us with information about various types of scams they have identified, together with users involved and violating content, enabling us to react quickly to remove it.

We respond to all valid requests from law enforcement for information from our platforms and we have on-boarded the FCA to our reporting channels to make sure it can share information as effectively as possible. We are also in discussion with Police and Crime Commissioners about our general approach in this area.

However, sharing data about individuals brings with it a number of challenges around data privacy. Creating a system for the sharing of meaningful data in a privacy-safe way amongst tech companies, law enforcement and the banking industry is something the members of the Online Fraud Steering Group (“OFSG”) are actively examining together.

3. Advertising policies for financial services

- a. From what date will you ensure that your advertising policy applies so you do not carry paid for advertising for regulated financial products which are not authorised by the FCA?*

We are exploring additional vetting of Financial Services advertisers in the UK. There are a number of ways to vet advertisers, and we are determining which would be most

effective in mitigating harm to our community from bad actors, while limiting the negative impact on legitimate UK Financial Service advertisers. We are liaising with the FCA on this issue and look forward to working with them as we determine the best solution for our platform and community; this is complicated work and we do not have a date for the implementation of any policy changes.

Our terms and policies already require that advertisers follow all applicable laws¹, and we work with the relevant legal authorities--including the FCA--to identify and take action against unlawful advertising on the platform. We also have policies that strictly prohibit the promotion of products, services, schemes or offers (including in the financial industry) using deceptive or misleading practices.²

Later this year, we will also start requiring advertisers targeting people in the UK (and across Europe) to self-declare if their ads pertain to housing, employment or credit. These advertisers must submit to significant advertising restrictions and additional transparency in the Ad Library³. If an advertiser promotes loan services, for example, but fails to make this declaration we will reject its ad(s). While this does not cover the full breadth of the financial services sector, it reflects our commitment to protecting consumers from bad actors engaged in predatory or discriminatory lending practices.

4. Policy about promotion of tax avoidance schemes

- a. *What policy do you have regarding the promotion of tax avoidance and evasion on your platform through advertising or as user generated content?*
- b. *What controls do you have in place to prevent your platform including social media products being used for the promotion of tax avoidance schemes and tax evasion in the UK?*

During the evidence session I shared with you information about our policies and procedures designed to address organic content that “*purposefully deceives, willfully misrepresents or otherwise defrauds or exploits others for money or property*”. With regards to this, everyone who uses Facebook or Instagram must comply with our Terms of Service, our [Community Standards](#) and [Community Guidelines](#) covering non-paid (organic) content. Users are not permitted to share anything that is unlawful, misleading, discriminatory or fraudulent.

Our Terms of Service and Community Standards also apply to advertising. Ads must also comply with our [Advertising Policies](#). In particular, ads must not “*constitute, facilitate or promote illegal products services or activities*”; and we prohibit ads that

¹ Terms of Service at https://www.facebook.com/legal/self_service_ads_terms. and within our Ad policies at 12.2: <https://www.facebook.com/policies/ads>

² See section 4.25 and 4.27: <https://www.facebook.com/policies/ads>

³ Facebook’s [Ad Library](#) provides advertising transparency by offering a comprehensive, searchable collection of all ads currently running from across Facebook apps and services, including Instagram.

“promote products, services, schemes or offers using deceptive or misleading practices, including those meant to scam people out of money or personal information”. We require advertisers to understand and comply with all applicable laws and regulations; therefore they are responsible for complying with laws and regulations pertaining to tax.

The partnership with Government, regulators and consumer protection bodies is particularly important because they report content that they have determined violates their respective local laws and regulations; and as tax regimes differ globally, we enforce on unlawful content when it is reported to us by an agency that has the appropriate authority to make a determination about the content they are reporting. For example, through our Regulatory Channel, on-boarded Government agencies report content they consider violates our Community Standards or is locally unlawful; a similar reporting channel exists for regulators on-boarded to our Consumer Policy Channel to report commercially-focused content; the FCA is on-boarded to this latter category and does report content to us, which we action.

5. Revenue from unauthorised advertising of regulated products

- a. How much revenue has your platform earned in each of the last three years from paid for regulated financial advertising which is unauthorised by the FCA?*
- b. What is your estimate of the cost to your company of changing your advertising policy to prevent financial advertising which is not approved by the FCA, to bring you into line with the policy change made by Google on 6 September 2021?*

We would start by saying that we are incentivised to remove violating content and bad actors from our platform - they make for a bad experience for users and advertisers.

We are operating in a particularly adversarial space with evolving trends and no enforcement is going to be perfect. The individuals behind online fraud can also be well-resourced and use increasingly sophisticated means to avoid detection. Therefore, our priority is always to act against a bad actor as quickly as possible for any violation, rather than breaking down specific sub-categories of exactly what harm they were doing.

Quantifying advertising revenue from companies not authorised by the FCA to promote a regulated financial product poses challenges - not only is it commercially sensitive information, providing accurate and meaningful data would be dependent on the advertiser categorising their content correctly in the first instance. But as noted above, we are exploring additional vetting of Financial Services advertisers in the UK and working with the FCA on the best way to do that.

There will always be more we can do, by continuing to invest in new technologies and methods to protect people and businesses on our service, or refining our policies to

ensure they are adapting to new trends, and working in collaboration with experts in this area as we do through the OFSG, and with the FCA and the ASA.

6. Online fraud steering group

- a. *When was this group set up?*
- b. *How many times has it met?*
- c. *Who are the representatives from your company and what other organisations attend meetings?*
- d. *What are the objectives of the group?*
- e. *What has it achieved so far?*

In April 2021, the OFSG was set up, co-chaired by techUK, UK Finance and the National Economic Crime Centre, to form collective solutions to respond to patterns of fraudulent activity. Since its inception, the OFSG, the Online Fraud Delivery Group and its sub-groups have met at least fifteen times; representatives from Facebook's UK Public Policy team attend. Other attendees include other tech companies (Tik Tok, Google, Microsoft, Snap, Twitter and Amazon); representatives from the banking industry; law enforcement agencies; Government (Department for Work and Pensions, Department for Digital Culture, Media and Sport, and the Home Office) and the Financial Conduct Authority.

In a short time, the group has agreed a delivery infrastructure, operational principles, and governance. Supporting the Home Office's upcoming 2022 - 2025 Fraud Action Plan the group aims to:

- render the UK the least attractive place for online fraudsters to operate;
- involve all relevant sectors as required to collaborate and form targeted responses to prevent different types of fraud;
- share information and best practices to ensure a shared understanding around online fraud and its complexities;
- bring improved coordination between law enforcement and the tech and banking sectors; and
- enhance public communication around the complexities of financial fraud and promote consumer awareness.

Four key workstreams have begun work to cut across different fraud typologies: addressing fraud through online advertising; developing a threat assessment; enhancing communications and education; and, striving for innovative and preventative solutions.

Increasing consumer awareness about types of fraudulent activity online is an important part of this collaboration. On 15 September 2021, tech companies, including Facebook (also representing Instagram) pledged to support Take Five to Stop Fraud, the anti-fraud campaign run by UK Finance. The technology companies collectively donated \$1 million worth of advertising to the campaign which will help

publicise the Take 5 to Stop Fraud advice to consumers and enable it to reach a significant proportion of the online population with these messages.

7. Meetings with government departments about economic crime

- a. *What meetings have you held in 2019, 2020 or 2021 with Government departments, including the Home office, Treasury, HMRC and DCMS about online fraud and financial crime?*

The UK public policy team meets with various Government departments on a daily basis. Over the last four years, Facebook has also been particularly engaged with the UK Government's development of the Online Harms framework through written submissions, ministerial discussions, and multistakeholder in-person technical sessions.

With the late stage inclusion of user-generated fraud in the draft Bill we expect to increase engagement with Government as we develop a shared understanding of the many ways fraud can manifest online; and the role technology companies already play in addressing it.

Specific discussions with Government departments - Home Office, Department for Work and Pensions ("DWP"), and DCMS - on the issue of online fraud and financial crime has most recently been through our membership of the OFSG.

We had an opportunity to engage directly with the DWP in 2019 who raised with us concerns about posts related to benefit fraud. The DWP presented at our internal *Fraud Summit*, sharing its approach to tackling benefit fraud, and hearing first-hand from our integrity teams who work in this space.

In addition, earlier this year we met with the Minister for Pensions & Financial Inclusion to share information about the work we do to tackle fraud on our platform.

8. Compensation of customers for financial fraud

- a. *What policy do you have for compensating users of your platform who become victims of fraud as a result of advertising or user generated content on your platform?*
- b. *Have you ever compensated any customer for fraud or other financial loss? If so can you provide numbers of customer affected and the compensation levels.*

Responsibility for the content, placement and targeting of online advertising lies with the advertiser as set out in the [UK's non-broadcast advertising Code](#). The ASA might also have regard to the Consumer Protection from Unfair Trading Regulations 2008 and take it into account when it rules on complaints about marketing communications that are alleged to be misleading. Further, the FCA regulates advertising for most financial services. Unlike law enforcement and other legal authorities, we are not in a

position to ascertain what happens off-platform, where the transaction usually takes place, or confirm a connection with the user having seen content on the platform.

During the hearing, I stressed that we do not want this kind of content on our platform because it has a negative impact on people's lives. That is why we continue to invest to tackle this content. We have 40,000 working on safety and security at Facebook and have invested more than \$13bn in teams and technology since 2015. Around half of those directly review content.

We work hard to detect and remove violating content that does not comply with our policies and we use technology to help us to do that at scale, but no system is, or ever can be, perfect.

Thank you again for providing us with the opportunity to give evidence to your Committee, and for your letter. Please do not hesitate to get in touch again should you require further information as part of your inquiry.

Yours sincerely

Allison Lucas
Content Policy Director
On behalf of Facebook Inc

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