

Written evidence submitted by Amazon

Dear Chair,

Thank you for inviting Amazon to provide evidence as part of your Committee's ongoing inquiry into economic crime. I hope you found our evidence useful and informative and I look forward to watching how the inquiry progresses. During the session I agreed to follow up on a couple of specific questions in writing as laid out in your letter.

In the UK, Amazon focuses on e-commerce, cloud computing, digital streaming, and artificial intelligence, among other things. In the UK retail space, we operate several business lines, including: manufacturing and selling Amazon branded products (e.g., Alexa, Kindle), selling third-party products as a retailer, and offering a marketplace for third-party sellers to make sales directly to end users. We also offer third party sellers certain logistics services under our Fulfilment by Amazon (FBA) programme. The responses are provided in relation to our applicable UK businesses.

Since its creation in 1995, Amazon has strived to be Earth's most customer-centric company, where customers can find low prices, great selection, and convenience. As a customer obsessed company, Amazon is firmly committed to the protection of our customers and operates a proactive, risk-based system for identifying fraud, and we support a number of initiatives designed to reduce economic crime.

Earlier this year we [published](#) our first Brand Protection report, which sets out how we ensure customers around the world shop for authentic products in our store, and how we protect brands and the millions of small and medium businesses that sell authentic products on our marketplace.

The Covid-19 pandemic has created challenges and we have seen increased attempts by bad actors to commit fraud and offer counterfeit products during the pandemic. Our teams have continued to innovate to protect our store, helped our selling partners keep their virtual doors open, and ensured that the vast majority of customers continue to shop with confidence from our broad selection of authentic products. The report sets out that:

- we invested over \$700 million to protect our store from fraud and abuse.
- we had more than 10,000 employees protecting our store from fraud and abuse.
- verification processes prevented over 6 million attempts to create selling accounts, stopping bad actors before they published a single product for sale.
- only 6% of attempted account registrations passed Amazon's robust verifications processes and listed products for sale.
- we seized more than 2 million products that were sent to our fulfilment centres that we detected as counterfeit before being sent to a customer. Amazon destroyed those products to prevent them from being resold elsewhere in the supply chain.
- we blocked more than 10 billion suspected bad listings before they were published in our store.
- fewer than 0.01% of all products sold on Amazon received a counterfeit complaint from customers.

Expenditure by the Financial Conduct Authority (FCA)

- 1. 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?**

Based on our internal enquiries and to the best of our knowledge and belief, the FCA does not advertise with Amazon. As such, we cannot see any indication of spend by them over the last three years.

- 2. What arrangements you have entered into to compensate the FCA for the costs of that advertising?**

As the FCA has not advertised with us, this question is not applicable.

3. Apart from offering an advertising credit, would you refund the FCA for the cost of their advertising?

As the FCA has not advertised with us, this question is not applicable.

4. 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).

Based on our internal enquiries and to the best of our knowledge and belief, public sector bodies do not advertise on our Owned & Operated stores in relation to financial crime related advertising. As such, we cannot see any indication of spend by them over the last three years.

Data transfer to identify and prevent fraud and other economic crime

5. What data do you transfer between your platform, other platforms and law enforcement agencies to help identify fraud and other economic crime?

- Amazon is a member of the TAG Super-User group and share worldwide information to combat fraud, related to paid for advertising on a real time basis with other companies.
- We share information on bad actors with law enforcement and are always responsive to requests from law enforcement for support and assistance.
- Amazon Payments UK Limited (APUK) is an FCA authorised payment institution, and provides regulated payment services to third party sellers on the Amazon.co.uk store. As a regulated payment institution, APUK has to comply with various laws and regulations, including the Proceeds of Crime Act 2002 and the Money Laundering Regulations 2017 (as amended). As required by these laws, if APUK identifies a suspicion of money laundering, APUK submits Suspicious Activity Reports (SARs) to the National Crime Agency. We assist the NCA with their enquiries on our SARs and share intelligence on wider trends in financial crime.
- We continue to support the NCA's SAR reform, it's investment in new technology, further staffing and SAR working groups created for emerging parts of the financial sector. We welcome further guidance for these sectors and businesses on the quality of SARs and potential thresholds for filing.

6. What legal or other barriers exist to data transfer?

The primary concern is not a legal barrier, but ensuring that we maintain customer trust that their data is shared lawfully, if and when it is shared for the purpose of identifying and preventing fraud and crime. Data transference between large companies can be misconstrued by the public, media and others and causes understandable concern in the UK. Previous examples of data sharing where this has succeeded in obtaining customer trust, are generally where the transfer occurs under law enforcement's umbrella (e.g. Joint Money Laundering Intelligence Taskforce (JMLIT) or the Dedicated Card and Payment Crime (DCPCU), although this is not necessary in law and we support sharing information on bad actors.

Advertising policies for financial services

7. 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?

Amazon is a retailer, and the vast majority of adverts on our sites are for products and services available for purchase in our stores. Our policies require advertisers to adhere to all laws applicable to the sale and advertising of their products and services. We continually review our approach to improve the customer experience in our stores. We are strengthening our policy enforcement for this type of advert, with changes expected by Q1 2022.

Policy about promotion of tax avoidance schemes

8. What policy do you have regarding the promotion of tax avoidance and evasion on your platform through advertising or as user generated content?

Our policies require advertisers to adhere to all applicable laws.

9. 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?

We are an online retail store and not a social media platform, so this question is not applicable to amazon's products and services.

10. 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?

Amazon is a retailer, and the vast majority of adverts on our sites are for products and services available for purchase in our stores. As such, we do not internally track advertising spend in this way.

11. 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 do not have a cost estimate at this time. Amazon is a retailer, and the vast majority of adverts on our sites are for products and services available for purchase in our stores. We continually review our approach to improve the customer experience in our stores, and have taken on board the comments from the Committee.

Online fraud steering group

12. When was this group set up?

Details can be seen in the National Crime Agency's website ([Link](#)). In April 2021, the Online Fraud Steering Group (OFSG) was set up, co-chaired by techUK, UK Finance and the National Economic Crime Centre, to form collective solutions responding to patterns of fraudulent activity. Since its inception, the OFSG, and its sub-groups, the Online Fraud Delivery Group (OFDG), have met regularly to identify potential initiatives that can reduce the level of fraud in the UK. Amazon UK is a member of the group and also funds the secretariat supporting the OFSG.

13. How many times has it met?

- The Online Fraud Steering Group has met three times
- The Online Fraud Delivery Group has met three times
- There have been eleven sub-group meetings (one for the innovation sub-group, four for the education sub-group, three for the threat assessment sub-group and three for the online advertising sub-group)

14. Who are the representatives from your company and what other organisations attend meetings?

Head of UK Public Policy, Customer Trust Gaon Hart is the primary point of contact for the Online Fraud Steering Group. The appropriate internal expert also attends relevant meetings depending on the subject-matter being discussed. Other attendees for the Online Fraud Steering Group are:

Chair

- TechUK

- NECC
- UK Finance

Members

- TikTok
- Google
- Microsoft
- Facebook
- Twitter
- Snap
- Barclays
- NatWest
- Starling
- Santander
- Nationwide
- Lloyds Banking

Law enforcement/Government

- Home Office
- DWP
- FCA
- DCMS
- NCSC
- City of London Police

15. What are the objectives of the group?

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 improve coordination between law enforcement and the tech and banking sectors; and
- enhance public communication around the complexities of financial fraud and promote consumer awareness.

16. What has it achieved so far?

In a short space of time the group has agreed a delivery infrastructure, operational principles, and governance, including how it will engage with the Home Office's Joint Fraud Taskforce. Four key workstreams have begun work to cut across different fraud typologies:

- 1) online advertising
- 2) developing a threat assessment
- 3) enhancing communications and education and
- 4) striving for innovative and preventative solutions.

Increasing consumer awareness about the types of fraudulent activity online is an important part of the collaboration. On 15 September 2021, tech companies 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. Amazon's share is \$240,000 over two years to enable repetition, recognition and familiarity by customers.

Meetings with government departments about economic crime

17. 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?

Amazon representatives meet with Government officials about online fraud and financial crime as and when requested to do so and proactively through the OFSG, OFDG and sub-group meetings. These are constructive meetings, primarily focussed on how our internal experts can assist to provide advice. We do not have records identifying the number of meetings in this arena over a three-year period, but, our interactions include the National Cyber Security Centre, DCMS, the Home Office, law enforcement and Action Fraud.

Compensation of customers for financial fraud

18. 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?

Amazon launched the A-to-z Guarantee more than 20 years ago to protect customers who buy items that are sold and fulfilled by third-party sellers. The guarantee provides a hassle-free return process for any issues related to the timely delivery and condition of the items ordered. It applies if the item never arrives or if it is received by the customer damaged, defective, materially different from what was ordered or if the customer changed their mind and returned the item consistent with Amazon's return policy. This guarantee covers any fraudulent order, including non-delivery of the item purchased. More information about our guarantee can be found on our UK website [here](#).

19. 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.

The Amazon A-to-Z Guarantee between January 2020 to September 2021, responded to claims in the UK for over 190,000 customers due to potential or suspected fraudulent activity. The sums paid were over \$2 million, although it is worth highlighting that reimbursement to customers from other sources, such as settled court actions, may occur.

I hope this information is helpful to your ongoing inquiry. The inquiry has raised a number of important issues and we are keen to continue to build a constructive dialogue on these issues with your Committee. We also wanted to extend an invitation for you and the other members to visit an Amazon Fulfilment Centre - we would be delighted to arrange a tour over the coming months (COVID circumstances permitting).

Best wishes,

Gaon Hart

Gaon Hart | Head of Public Policy, UK & Ireland – Customer Trust

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