

## Written evidence submitted by eBay

Dear Mr Stride,

Thank you for your letter to Will Semple of 1 October concerning the Committee's Economic Crime inquiry. Mr Semple has asked me to reply on his behalf.

### INTRODUCTION

eBay takes the issue of online fraud extremely seriously. Unlike for other platforms, fraud represents a source of financial loss to our business and to our customers – firstly, because of money paid out via our eBay Money Back Guarantee (see below for details) but also because of the associated loss of trust generated by bad buyer experience. Our data demonstrates that negative buyer experiences lead to consumers either spending less on our platform or not coming back at all. We therefore invest heavily in creating a safe marketplace for our buyers and sellers with multiple teams engaged in our trust and safety efforts – from our Information Security and Risk Teams to our Global Asset Protection and IP and Legal teams.

### SPECIFIC QUESTIONS

#### **Expenditure by the Financial Conduct Authority (FCA) on your platform to protect consumers**

- Whilst as a publisher we cannot rule out definitively that our platform may have displayed ads from the FCA as part of any broad-based advertising campaign, as far as we can determine, we have not received any money directly from the Financial Conduct Authority in any of these years to warn users about unauthorized advertisements and user generated content.
- Nor, as far as we can determine, have other public sector bodies paid for financial crime-related advertising. We, have, however, in the past provided financial support for bodies such as Get Safe Online.

#### **Data transfer to identify and prevent fraud and other economic crime**

- We regularly share data with law enforcement as part of our ongoing collaboration to tackle cybercrime. This data is made available for free via our Law Enforcement Portal. This includes contact details, financial details and a range of other identifying data.
- We also work very closely with law enforcement globally through our Global Asset Protection (GAP) and information security teams to assist them with their investigations and to help them prosecute fraudsters. In addition, we provide bulk data and individual user data to HMRC upon request to help them prosecute tax fraud, particularly in relation to VAT.
- Whilst there are undoubted data protection challenges associated with sharing personal user data in relation to 'potential fraud', we would strongly support efforts by the industry to promote greater intelligence sharing about threats based around aggregated and anonymised data.

#### **Advertising policies for financial services**

- Our marketplace primarily allows the sale of goods rather than services. Other than single-stock gifts and collectible stock certificates, all other types of stocks, securities, investments or credit are not allowed. Nor do we allow listings for virtual currencies.
- In addition to the listings from our users, we also host display or banner ads (which would appear at the top of certain pages) and text-based ads which would appear at the bottom of the page i.e. beneath the search results.
- In terms of text-based ads, these come through Google and therefore are covered by Google's policy change. For our banner ads, we pre-vet ads if we have a direct relationship with an advertiser and run an extensive block list that we have developed over many years which is added to over time. Our policies for advertisers are clearly set out online: <https://www.ebayads.com/advertising-policies/united-kingdom->

[ad-policies/](#). These specify that ‘financially regulated advertisers’ are allowed, subject to eBay approval. Ads must not be ‘misleading or deceptive in any way’ or redirect “to any unregulated user generated content.’ Advertising or user generated content promoting tax evasion or any other illegal activity is not allowed under our policies.

- For programmatic advertisements, we also partner with technology platforms – like sell-side platforms (SSPs) and demand side platforms (DSPs) – and as such rely upon their processes for filtering and screening ads. Our understanding is that there is no industry capability here to provide the same level of vetting as offered by Google currently. As a publisher, we would strongly support the adoption of Google’s policies by the wider digital advertising ecosystem. We are unable to determine what the cost of this would be for the industry as a whole.

### Online Fraud Steering Group

- 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.
- The objectives of the group are to:
  - *Make the UK the least attractive place for online fraudsters to operate.*
  - *Involve all relevant sectors as required to collaborate and form targeted solutions to prevent different types of online fraud.*
  - *Share information to refine our understanding about the complexities of online fraud.*
  - *Boost the response from law enforcement, tech and banking sectors through improving communication flows.*
  - *Enhance communication and raise awareness to support consumers.*
- Since being formed, 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.
- Whilst eBay has not been directly involved in the initial stages of the OFSG given its focus on online advertising and financial and investment scams, we fully expect to increase our involvement as the scope of the OFSG broadens into new areas.

### Meetings with government departments about economic crime

- Over the course of the last three years, we have attended a range of meetings with Home Office officials to explain our policies in tackling Prohibited Items – in particular, stolen property or terrorism related content.
- We have also attended a number of industry meetings organised by Tech UK and the British Retail Consortium with Home Office and DCMS officials concerning the Online Safety Bill. We also regularly meet with HMRC officials as part of our ongoing cooperation with them in relation tackling online VAT fraud.

### Compensation of customers for financial fraud

- eBay provides a eBay Money Back Guarantee for its customers where an item is either not received or is significantly not as described. This applies automatically to most items purchased on our site and covers the purchase price plus original shipping costs on eligible purchases. Further details of this can be found [here](#).
- Thanks to our trust and safety efforts, the seller fraud rate is just 0.45% whilst the buyer fraud rate in terms of unauthorised buyer transactions is even lower – about 0.03%. Based on figures between May and July 2021, the average pay out under the eBay Money Back Guarantee was \$13.10.

## CONCLUSION

Online fraud is a complex and multi-faceted problem – one that requires complex solutions and which cannot be solved by any single actor or group of actors. Any policy response requires close cooperation between government, law enforcement and industry, as well as extensive collaboration *within* industry – between online platforms and other actors such as banks, credit card companies as well as browser manufacturers, software providers and email providers to name but a few. It requires better educated consumers armed with the tools they need to protect themselves. And as a global problem - online and offline – it demands global solutions.

For that reason, we would caution against imposing a broad-based duty of care in respect of online fraud or economic crime. Instead, any regulation needs to be proportionate and targeted on specific harms – for example, financial and investment scams. We would also note that there is no shortage of legislation in respect of online fraud. The real problem in our view is one of enforcement with a lack of resources devoted to cybercrime within law enforcement budgets. As the COVID-19 pandemic has seen an increase in the number of cyber attacks and scams, we would recommend that a greater proportion of the current law and order budget is devoted to tackling these crimes.

Finally, we welcome the focus of the Committee on this issue and look forward to working with it and other policy-makers to shaping the Government's response in this area.

Yours sincerely,



Alasdair McGowan  
Director of Government Relations, UK & Ireland  
eBay UK Ltd

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