

NORTHERN TERRITORY RACING COMMISSION

Reasons for Decision

Complainants:	Mr DC Ms MS Mr B Mr D Mr H
Licensee:	Hillside (Australia New Media) Pty Ltd - Bet365
Proceedings:	Gambling Dispute for determination by Racing Commission (pursuant to section 85(2) of the <i>Racing and Betting Act 1983</i>)
Heard Before: (on papers)	Ms Cindy Bravos (Presiding Member) Ms Amy Corcoran Mr James Pratt
Date of Decision:	4 February 2021

Background

1. Multiple gambling disputes were lodged with the Northern Territory Racing Commission (the Commission) pursuant to section 85(2) of the *Racing and Betting Act 1983* (the Act) between 19 March 2020 and 2 April 2020 which related to the actions of Hillside (Australia New Media) Pty Ltd (Bet365) in revising the price offered for bets that had been struck on the 2020 Australian Football League (AFL) Round one market - under/over - total points scored by both teams in an individual match.
2. Each of the complainants' bets subject of this decision notice were struck on 16 March 2020 which was prior to the AFL announcement made on 18 March 2020 regarding the shortening of quarters from 20 minutes to 16 in order to assist players deal with the potential for matches to be played in a shorter season time due to the impact of the COVID-19 pandemic.
3. In amending the price offered for the bets, Bet365 has advised the Commission that it did so in accordance with its terms and conditions - specifically its error rule; after which it contacted each of the complainants and informed them of the error in price. Bet365 further advised the Commission that it then gave each of the complainants the option of having their bets cancelled or for the bets to stand at the revised price.
4. Subsequently, the gambling disputes were lodged with the Commission with each of the complainants expressing their dissatisfaction with the actions of Bet365 in relying upon its error rule given that Bet365's terms and conditions also contain a betting rule for AFL that states that if the duration of a match is changed by the governing body prior to the commencement of play, then all bets will stand.

5. Given that it is the lawfulness of the bets that the Commission has been asked to adjudicate and that the only qualitative material difference between each of the gambling disputes is the actual dollar amount of each of the bets struck, in order to avoid obvious repetition that would result in preparing individual decision notices, the Commission has determined to treat the matters raised as a class of complaints.
6. Information was gathered from each of the parties involved by Licensing NT officers appointed as betting inspectors by the Commission and provided to the Commission, which determined that there was sufficient information before it to consider the gambling disputes on the papers.

Consideration of the Issues

Pricing Error

7. The objects of the Act are the promotion of probity and integrity in racing and betting in the Northern Territory; maintaining the probity and integrity of persons engaged in betting in the Northern Territory; promoting the fairness, integrity and efficiency in the operations of persons engaged in racing and betting in the Northern Territory; and reducing any adverse social impact of betting.
8. In order to further the objects of the Act, the Act provides for the Commission to make rules for the control and regulation of sports bookmakers and in order to do so, the Commission approves the conditions attached to sports bookmaker licences as well as reviewing and approving the terms and conditions of agreements entered into between sports bookmakers and their customers.
9. The terms and conditions that both the sports bookmaker and the customer are bound by when a betting account is opened and each time a bet is struck usually contains a rule that allows the sports bookmaker to defend its entitlement to correct any odds which are inadvertently offered in obvious or manifest error, such as when two prices are transposed, a price is incorrectly input as a result of a typing error or when a delay in receiving live match information impacts on the prices being offered as the price offered failed to take into account some event that had already occurred.
10. At the time that each of the complainants' bets were struck, the following rule formed part of Bet365's terms and conditions:

6. Errors

- 6.2 *Incorrect Price - Prior to the start of an event, In-Play or after the event, where an Obvious Error is identified any bets will stand and be settled at the bet365 revised price. Where a revised price is deemed less than 1.001 then bets will be void.*

Where there is sufficient time before the start of an event, bet365 will endeavour to contact the customer and may, in our absolute discretion, allow the option of cancelling the bet.

11. This rule on errors outlines to the customers of Bet365 that when Bet365 detects that an obvious erroneous price has been issued prior to the start of an event, Bet365 reserve the right to settle the bet at the revised price.
12. As has often been articulated in previous Commission decisions, it is the view of the Commission that the commercial efficacy of the sports bookmaker business model must have error limiting clauses such as this so as to avoid a sports bookmaker from unjustly suffering a loss where a legitimate or innocent error has occurred. It is the view of the Commission however, that obvious or manifest error rules should not be used to protect sports bookmakers from errors of judgement, lack of vigilance or movements in the market that they have failed to detect and respond to.
13. One of the issues for consideration by the Commission therefore in determining the current gambling disputes before it, is whether this error rule has been implemented reasonably and fairly by Bet365. In doing so, the Commission must necessarily look to the reasons provided by Bet365 for the claimed pricing errors and review the evidence from Bet365 that supports its claim. In doing so, the Commission must also turn its mind to whether the claimed error would have been discernible to a sports bookmaker customer with a reasonable knowledge of betting; as well as a knowledge of the sport involved in the betting markets in question.
14. As detailed earlier in this decision notice, at the time the bets subject of these disputes were struck, the playing time allocated by the sport's governing body for each quarter of an AFL match was 20 minutes with an overall playing time for a match being 80 minutes. An example of one of the markets offered by Bet365 at that time was the match between Adelaide Crows and Sydney Swans with the under/over line of total points scored by both teams in the match being set at 175.5 with a price of \$1.91 being offered for bets selecting that the total score would be under 175.5. The Bet365 under/over line estimation of 175.5 points equates to the participating teams scoring just under 2.2 points during each minute of the match.
15. Bet365 has submitted to the Commission that as a result of the playing time for the match being reduced to a total of 64 minutes, the Bet365 under/over line estimation was reduced to reflect the new timeframe and resulted in the under/over line now being set by Bet365 at 141 total points (64 minutes x 2.2 points per minute). Similar calculations were undertaken in relation to each of the other round 1 matches which also resulted in a reduction in the under/over line total points amount for each of these matches as well.
16. Continuing with the example of the Adelaide Crows and Sydney Swans match, when the under/over line estimation was set by Bet365 at 175.5 points, the price offered by Bet365 was \$1.91. Given that Bet365 now estimated that the total points scored by both teams during the match would be around the 141 mark (34.5 points lower than the original estimation), Bet365 determined that the price of \$1.91 for less than 175.5 points to be scored was incorrect as the likelihood of this occurring had risen dramatically. As a result, Bet365 revised the price to \$1.08 and then acted in accordance with its error rule and contacted its customers who had placed a bet on this market and gave them the option of having the bet cancelled or for the bet to stand at the revised price. This same process was also undertaken in relation to each of the bets that had been struck for each of the other round 1 matches.

17. Sports bookmakers naturally offer a wide variety of betting markets at any given moment and from time to time obvious errors are made, either through human or system error, which results in bets being accepted at a price that is materially different from what it should have been.
18. When determining whether a price offered was a manifest or obvious error, the Commission usually examines whether the price offered was clearly incorrect given the chance of the event happening at the time the bet was struck. The circumstances of the gambling disputes subject of this decision notice however, are somewhat different to those disputes considered previously as it has not been proposed to the Commission that the price offered at the time the bets were struck was in error. Rather, Bet365 has submitted that given that the length of the event itself was changed after the bets were struck, that the chance of the event happening had significantly changed and as a result, the prices that had been offered at the time the bets were struck were now incorrect.
19. The Commission is of the view that as the sports' governing body reduced the length of playing time for each of the round 1 matches from 80 minutes to 64 which equates to a reduction of 20% of playing time, a fundamental change to the structure of the matches had occurred. Remaining with the example of the Adelaide Crows and Sydney Swans match example, the Commission accepts Bet365's assertion that had it calculated the odds that it intended to offer for the total points to be scored during the match being less than 175.5, then the price that Bet365 would have offered at the time the bets were struck would have been at a significantly lower price given the increased likelihood of this outcome occurring.
20. While a number of complainants have raised the issue that the revised price offered on a number of the markets that they had placed bets on changed after Bet365 had informed them of the revised price, the Commission notes that these price changes were not significant and would have naturally occurred as the various pieces of information that are usually used when setting a betting market price became available to Bet365. The Commission is not of the view that these later changes to the revised price offered supports an argument that the initial price offered was not an incorrect price.

Specific Sport's Rules

21. The following rule also formed part of Bet365's terms and conditions when the bets subject of this decision notice were struck:

Australian Rules

General

All match markets will be settled including overtime if played unless otherwise stated. Regulation time must be completed for bets to stand unless otherwise stated. If the duration of a match is changed by the governing body prior to the commencement of play, the revised game length will be regarded as the official regulation time for this match, and all bets will stand as long as this new regulation time is completed.

22. There is no dispute as to whether the sports governing body changed the duration of the round 1 matches prior to the commencement of play. The issue in relation to this Bet365 rule however, is given the revised match length of 64 minutes was the new regulation time for the match, the complainants submit that in accordance with this rule that all bets that were placed should stand at the price that was offered when the bets were struck.
23. Bet365 do not disagree with this assertion in so far as the bets should stand in accordance with this rule, however Bet365 does assert that in addition; and in accordance with its terms and conditions, that it was within Bet365's discretion to revise the prices offered on the bets that stood in line with its error rule.
24. The sports rule pertaining to changes to match regulation times was added to Bet365's terms and conditions in 2014 following the AFL governing body reducing the playing time for each quarter to 17 minutes in a match between Western Bulldogs and St Kilda that had a delayed start due to significant rainfall that flooded the playing field and the players' change rooms.
25. The Commission is of the view that it is not inappropriate for Bet365 to have a rule such as this sports rule within its terms and conditions, noting that it serves the purpose of avoiding uncertainty whether a bet should stand or not when the regulated time of a match changes at the governing body discretion due to unforeseen circumstances such as flooding or in this case, the unforeseen impacts of a global pandemic.
26. The Commission is of the view that the sports rule and the error rule are not contradictory but rather, they are designed to operate in harmony with one another so as to avoid a sports bookmaker from unjustly suffering a loss where circumstances beyond its control come about that render the price offered when a bet was struck as being well outside the realms of acceptable probabilities.
27. The Commission notes that each of the complainants was afforded an opportunity by Bet365 to have their bets cancelled prior to the commencement of the match but each complainant made the decision to have their bets stand in the full knowledge the price had been revised in accordance with Bet365's error rule.

Decision

28. The Commission is authorised, following an investigation, to declare that a disputed bet is lawful or not lawful so far as the requirements of the Act are concerned. In deciding whether a bet is lawful, the Commission must look to the substance of the transaction and whether it should be enforced or not. When determining matters involving the use by a sports bookmaker of the error rule, the Commission must determine whether the error rule has been implemented reasonably and fairly.
29. In examining the evidence before it, the Commission is satisfied that prices offered by Bet365 at the time that the bets subject of this decision notice were struck on the 2020 Australian Football League (AFL) Round one market - under/over - total points scored by both teams in an individual match were not the prices that it would have offered had it been aware that the duration of the matches was to be significantly reduced by the sport's governing body.

30. The Commission is therefore satisfied that the prices offered satisfy the threshold of being incorrect prices and that it was within Bet365's discretion to allow the bets to stand in accordance with both its error rule and its specific sports rule regarding regulation time, and for the bets to be settled at a revised price.
31. As a result, the Commission has determined that all bets struck on the Bet365 2020 Australian Football League (AFL) Round one market - under/over - total points scored by both teams are lawful bets pursuant to section 85(1A) of the Act.
32. As the bets are determined to be lawful bets, it is the view of the Commission that each of the winning bets was settled correctly by Bet365 through the settlement of the bets at the revised price.

Review of Decision

33. Section 85(6) of the Act provides that a determination by the Commission of a dispute referred to it pursuant to section 85 of the Act shall be final and conclusive as to the matter in dispute.



Cindy Bravos

Presiding Member
Northern Territory Racing Commission
4 February 2021