

# PARLIAMENTARY DEBATES

HOUSE OF COMMONS  
OFFICIAL REPORT

First Delegated Legislation Committee

DRAFT BREACHING OF LIMITS ON TICKET  
SALES REGULATIONS 2018

*Monday 21 May 2018*

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**The Committee consisted of the following Members:**

*Chair:* MR NIGEL EVANS

- |   |   |
|---|---|
| † Bowie, Andrew ( <i>West Aberdeenshire and Kincardine</i> )<br>(Con) | † James, Margot ( <i>Minister for Digital and the Creative Industries</i> ) |
| † Byrne, Liam ( <i>Birmingham, Hodge Hill</i> ) (Lab)                 | Johnson, Diana ( <i>Kingston upon Hull North</i> ) (Lab)                    |
| † Campbell, Mr Alan ( <i>Tynemouth</i> ) (Lab)                        | † Jones, Graham P. ( <i>Hyndburn</i> ) (Lab)                                |
| † Caulfield, Maria ( <i>Lewes</i> ) (Con)                             | † Mercer, Johnny ( <i>Plymouth, Moor View</i> ) (Con)                       |
| † Drax, Richard ( <i>South Dorset</i> ) (Con)                         | † Morton, Wendy ( <i>Aldridge-Brownhills</i> ) (Con)                        |
| † Gibson, Patricia ( <i>North Ayrshire and Arran</i> ) (SNP)          | † Murray, Ian ( <i>Edinburgh South</i> ) (Lab)                              |
| † Goldsmith, Zac ( <i>Richmond Park</i> ) (Con)                       | Sheerman, Mr Barry ( <i>Huddersfield</i> ) (Lab/Co-op)                      |
| † Graham, Luke ( <i>Ochil and South Perthshire</i> ) (Con)            | † Smeeth, Ruth ( <i>Stoke-on-Trent North</i> ) (Lab)                        |
| † Grant, Mrs Helen ( <i>Maidstone and The Weald</i> )<br>(Con)        | Yohanna Sallberg, <i>Committee Clerk</i>                                    |
|   | † <b>attended the Committee</b>   |

# First Delegated Legislation Committee

Monday 21 May 2018

[NIGEL EVANS *in the Chair*]

## Draft Breaching of Limits on Ticket Sales Regulations 2018

6 pm

**The Minister for Digital and the Creative Industries (Margot James):** I beg to move,

That the Committee has considered the draft Breaching of Limits on Ticket Sales Regulations 2018.

It is a great pleasure to serve under your chairmanship, Mr Evans. The regulations will be an important addition to our efforts to stamp out unacceptable behaviour in the ticketing market. The activities of the secondary ticketing market are of interest to many parliamentary colleagues, including everyone here today, I am sure. The Government recognise that the process of distributing and buying tickets can be a cause of great public frustration and concern. We have probably all experienced the frustration of waiting for tickets to go on sale, our fingers hovering over the keyboard in the final countdown, only to find that all the tickets seem to have been mysteriously snapped up in seconds. What is even more frustrating is seeing those same tickets reappearing on secondary sites almost instantaneously at a massive mark-up.

**Ian Murray** (Edinburgh South) (Lab): Does the Minister feel that there is any cartel between the ticket reselling companies and the promoters of certain concerts, as tickets can be sold quickly before they even go on public sale?

**Margot James:** I could not comment very clearly on that. The hon. Gentleman raises a murky area, but given that so many of the tickets have been hoovered up by computer bots, I suggest that perhaps it is not all the result of cartel activity.

There is evidence that the cause of the problem is largely software bots that automate the ticket purchasing process on the primary market to circumvent limits on the maximum number of the tickets that are supposed to be purchased at any one time. The issue was specifically addressed by Professor Waterson in his May 2016 independent review of consumer rights provisions relating to online ticket sales. His view, which the Government share, was that ticket sellers should adopt strategies to prevent automated ticket purchasing by bots, although he noted that there was some uncertainty about the existing legal position on their use.

The regulations clarify the law by making it a criminal offence to purchase more tickets than the maximum permitted for recreational, sporting or cultural events in the UK, where the purchase is made electronically through the use of software designed for that purpose, and where the intent is to obtain financial gain.

**Patricia Gibson** (North Ayrshire and Arran) (SNP): Does the Minister agree that one reason why those bots are used to hoover up tickets is the massive profits that can be made? Has she given any consideration to the possibility of bringing in a maximum percentage cap on resale tickets? If she has not, will she? That would remove the profit motive, and the big players would go because the profits would not be big enough.

**Margot James:** Thought has been given to that and to other ways of capping tickets. Indeed, Professor Waterson considered it in his review, but he recommended against it. Experience in other markets has shown that people find it quite easy to get round any cap. Certainly, the market would not go away, but it might be pushed elsewhere, and there would be difficulties in defining a measurable base value of any cap. Also, rapidly changing routes to market, for example through social media platforms in addition to secondary ticketing sites, would make any legislation extremely difficult to police.

**Graham P. Jones** (Hyndburn) (Lab): To expand on that point, we talk about software bots, but in the olden days there was the practice of using mass telephone banks, and there still is today. We are aware that many calls from normal consumers do not get through. Companies have people sitting there with massive telephone banks, waiting for one line to get through. When the red light comes on, they pick up the phone and they can buy tickets as an individual, still using technology as part of that methodology. Is that something the Government are aware of? Will the regulations shut down that practice?

**Margot James:** The draft regulations cover any electronic means and make it a criminal offence to purchase tickets in bulk electronically, through the use of software. I might have to come back to the hon. Gentleman on whether that includes phone banks and whether electronic means include telephones. I shall make some more progress before I come back to him on that.

The draft regulations apply to events in the United Kingdom, but they cover activity to obtain tickets in any jurisdiction. The intended offence will be summary only, with a maximum punishment of an unlimited fine in England and Wales or an exceptional summary maximum in Scotland, as magistrates courts in Scotland do not have the power to impose unlimited fines. The relevant section of the Digital Economy Act 2017 was not commenced in Northern Ireland because of the ongoing suspension of the Northern Ireland Executive, but the intention is for it to be commenced and for this instrument to apply to events in Northern Ireland once legislative consent can be secured.

**Ian Murray:** Regulation 3(b) defines the offence that the Minister has just covered as not only “to obtain tickets in excess of the sales limit”, but

“with a view to any person obtaining financial gain.”

What is the definition of “financial gain”? Might we have a situation in which someone buys 50,000 tickets for a certain concert and sells them in such a way that financial gain would be difficult to determine?

**Margot James:** A possibility might be for charity, but for someone to obtain that number of tickets it would probably be for financial gain. One of the reasons why we included “financial gain” as a requirement to prove a case against someone breaking this law was so that we could be sure that we did not include in criminality people who want to go together in a large group—family or friends—and who have a legitimate reason for purchasing more than the set amount of tickets ruled on by the primary provider.

The draft regulations will, we hope, significantly improve the existing situation in which so many tickets for an event can disappear within seconds of them going on sale. The regulations should be seen alongside other measures that we are taking to address that behaviour in the ticketing market, such as the ticket information requirements set out under the recently strengthened Consumer Rights Act 2015; the enforcement work of National Trading Standards, the Competition and Markets Authority and the advertising industry’s own regulator, the Advertising Standards Authority; and adoption by event organisers and ticketing agencies of technological solutions such as blockchain and ticketless tickets.

I hope that hon. Members will agree that the draft regulations are a necessary additional tool in helping fans to improve their chances of securing tickets at fair prices.

6.8 pm

**Liam Byrne** (Birmingham, Hodge Hill) (Lab): It is a great pleasure and privilege to serve under your chairmanship this evening, Mr Evans.

May I offer begrudging congratulations to the Minister on implementing yet another measure from the Labour manifesto, where we set out with a clarity that was perhaps lacking in the Conservative manifesto that we would implement anti-bot legislation to stop professional ticket touts ripping off thousands of fans in this country? The Minister did not put on the record her thanks to Professor Waterson, but let me put on the record our own thanks to him for his excellent review.

We shall not divide the Committee on the draft regulations, because the measure was such a clear and popular one in our manifesto, but we encourage the Minister to go a little further and to look at what else we promised in our manifesto. We said clearly that we would like to go beyond the recommendations that Professor Waterson proposed, which were good, but which we thought could be strengthened still further.

With that in mind, I shall ask the Minister a few questions. First, has she considered the recommendation by Professor Waterson that large-scale sellers on secondary platforms should be reclassified as traders? If someone is classified as a trader, a number of protections kick in under the Consumer Rights Act. At the moment, those protections are not available in the case of secondary platforms. It is therefore a very important question, and the Committee will want to hear the answer from the Minister.

Secondly, has the Minister considered Professor Waterson’s recommendation that such organisations should have to attain a licence to sell a large number of tickets? At the moment, they are making enormous profits from the Government’s rather hands-off, slipshod and laissez-faire approach. We think that that should change, and that Professor Waterson’s recommendation is important.

We would like to hear the Minister’s conclusion, having considered the matter now that she has been in position for some time.

The third question is about the secondary ticketing market through companies such as Ticketbis and Viagogo, which continue to leave fans open to large-scale fraud. I understand that tickets for World cup and premier league games are on sale on Ticketbis without the relevant information required by the Consumer Rights Act. This will shock you, Mr Evans, but some tickets for the World cup final are coming in at more than £20,000. The Minister shakes her head, but she is the Minister, and I think the Committee would like to know what the Government are doing to ensure that fans are not being scammed.

**Ian Murray:** As a fan of Heart of Midlothian football club, I have never suffered from the inability to gain tickets to big matches, but there is a report today that some tickets for the champions league final on Saturday—Liverpool versus Real Madrid—with a face value of £61 are selling for nearly £15,000 on secondary ticket sites. Not only is that detrimental to fans who wish to purchase those tickets, but someone is making an awful lot of money.

**Liam Byrne:** I can scarcely believe what my hon. Friend has told the Committee. It is a very good example of the profit margins being made by unscrupulous traders, who are being allowed to get away scot-free by this careless Government.

My fourth question is about an important health and safety matter. As the Minister knows, at the moment secondary ticketing websites allow tickets in the away end of football stadiums to be acquired by home fans. That undermines safety regulations that have been in force in stadiums for decades. I did not hear what the Government propose to do about that. At the moment, the Premier League is describing organisations such as Ticketbis and other platforms as unauthorised sellers of tickets for games, yet they continue to operate with extraordinary impunity and in a way that completely flouts the protections that this House put in place in the Consumer Rights Act. We would like to hear what the Minister will do to bring order to this chaos.

6.13 pm

**Patricia Gibson:** Like the right hon. Member for Birmingham, Hodge Hill, I am pleased that the new rules will require ticket sellers to provide more information about resold event tickets, to try to protect consumers from rip-off prices. I know that sellers of tickets on secondary sites now have to supply unique ticket numbers to the buyer to identify the ticket seat, standing area or location. That enables consumers who buy from secondary sites to see exactly what they are getting. Of course, it is welcome news that action is being taken to clamp down on ticket bots, which, as the Minister pointed out, harvest tickets from primary sellers’ online sites in order to sell them at hugely inflated prices.

I wonder whether the Minister will consider what other action could be taken, given that sites such as Google are still directing fans to sites such as Viagogo at the top of an online search rather than to official ticketing sites. Does she have any thoughts on that, and does she have any plans to see what she can do about it? What we are hearing today is all very good news, but it really does not go far enough. I heard the Minister’s

[Patricia Gibson]

comments earlier, but I urge her seriously to re-examine the feasibility of a flat percentage cap on the resale price of tickets on secondary sites. She said that that would push the market elsewhere, but if the big players could not use online sites to make the hugely inflated profits they do now, surely the level of abuse would be massively reduced.

We have heard some examples of hugely inflated prices, which are truly shocking. We can regulate this and ban that as much as we like, but as far as I can see the clearest and perhaps most effective thing to do would be to tackle the other end: the profits. If we capped the resale price of tickets on currently legitimate sites, all the big players such as Viagogo and Get Me In! would leave the field because it would not be as profitable as it is now. The consumers and real fans of live events would win, and everyone would know where they were. That would have a huge impact on the abuses that we all know take place, helping to remove tickets from big online sites on which tens of thousands of tickets are sold to consumers at hugely inflated, eye-watering prices.

6.16 pm

**Margot James:** I thank hon. Members for their comments. I am sorry that I shook my head at the shadow Minister when he cited the price of World cup final tickets. Although I am the Minister responsible for ticketing, among many things, since I had not sought tickets for the final I really did not know that they were changing hands for that sort of money. I was shocked and surprised by that—perhaps I should not have been.

**Liam Byrne:** Is the Minister shocked and surprised enough to do anything about it?

**Margot James:** I can always rely on the shadow Minister to make some gibe or another, and that was quite a good one. We are doing a lot. As I tried to explain in my opening remarks, the regulations are important primarily in tackling the use of bots, but they should be seen in the context of other measures we are taking, including what the CMA and ASA are doing on the responsibility of secondary sites to include all the charges as soon as someone registers an interest in purchasing a ticket, rather than leaving that until right at the end. We are taking a panoply of measures, and we are not finished yet. I agree that we still have more work to do, but none the less this is an important milestone.

The hon. Member for Hyndburn asked about phone banks. The definition will fall to be decided by the courts in individual cases, but we do believe that the regulations could tackle the issue of phone selling as well, coming under the auspices of electronic means. The definition of an electronic communications network is a broad one.

On large-scale sellers being classified as traders or licensed, which Professor Waterson inquired into, the CMA announced in April that three of the four major secondary sites have committed to improving information, including on who is buying from whom so that people know whether a seller is a business so that they can benefit from asserting additional rights under consumer legislation.

**Graham P. Jones:** The Minister talks about clamping down on sellers, but obviously many of them operate outside or in and around venues. I suspect that, for some venues where there might be 50,000 tickets, 1,000 of those tickets change hands outside the venue. What is she doing to ensure that those ticket sellers are caught? They are probably the people picking up the tickets from the bots. Is she going to do something about those sellers?

**Margot James:** To the extent that the sellers outside venues have committed to fulfil ticket requests made by people online—people think that they have purchased those tickets—they would be caught by the regulations, because we are preventing bots from harvesting huge numbers of tickets. I do not think we will be able to eradicate that kind of activity overnight. The purpose of the draft regulations is to prevent the use of electronic means for the wide-scale purchase of tickets for profit. The draft regulations do not capture the old-fashioned ticket tout, who still operates at big events. I agree with the hon. Gentleman that that problem still prevails.

I am glad to be reminded that touts outside venues come under the purview of trading standards departments. We have invested more money in trading standards enforcement so that they can tackle the issue, irrespective of the draft regulations. Trading standards departments have more resources and money for enforcement activity against illegal reselling.

**Graham P. Jones:** I am surprised at the argument that the Minister offers to the Committee, because as far as I am aware, trading standards departments have been cut back significantly. They are one of the departments most hit by austerity in most local authorities. Does the Minister have any figures on the number of trading standards officers employed in 2010, compared with the number in 2018?

**Margot James:** We are digressing from the debate at hand, but I am willing to answer the hon. Gentleman's question. Trading standards budgets are a matter for local authorities, and the reduction in their budgets across the country has varied local authority by local authority. I am pleased to say that a large amount of money—approximately £12 million—was found from the Department for Business, Energy and Industrial Strategy's budget earlier this year to reinforce trading standards activity nationally. Some of that money will undoubtedly find its way into enforcement in the area we are debating. I am pleased to say that trading standards activity will be reinforced.

On the point that was raised about secondary sites selling seats in home areas to away fans, football has separate rules that provide for health and safety. The draft regulations are aimed not at that but at tickets that have been acquired via electronic means being resold for profit. We have been very careful to focus them on the activity that is doing the most harm to the ticketing market, which is the mass harvesting of tickets online through the use of software. They will apply only where there is an intent to obtain financial gain.

*Question put and agreed to.*

6.23 pm

*Committee rose.*