

DATA PROTECTION ACT 1998

SUPERVISORY POWERS OF THE INFORMATION COMMISSIONER

MONETARY PENALTY NOTICE

To: Carfinance247 Limited

Of: 12 - 18 Pollard Street, Manchester, M4 7AJ

1. The Information Commissioner ("Commissioner") has decided to issue Carfinance 247 Limited ("the Company") with a monetary penalty under section 55A of the Data Protection Act 1998 ("DPA"). The penalty is in relation to a serious contravention of Regulation 22 of the Privacy and Electronic Communications (EC Directive) Regulations 2003 ("PECR") by the Company.
2. This notice explains the Commissioner's decision.

Legal framework

3. The Company, whose registered office is given above (Companies House registration number: 06035525), is the person stated in this notice to have instigated the transmission of unsolicited communications by means of electronic mail to individual subscribers for the purposes of direct marketing contrary to regulation 22 of PECR.
4. Regulation 22 of PECR states:

- "(1) This regulation applies to the transmission of unsolicited communications by means of electronic mail to individual subscribers.
- (2) Except in the circumstances referred to in paragraph (3), a person shall neither transmit, nor instigate the transmission of, unsolicited communications for the purposes of direct marketing by means of electronic mail unless the recipient of the electronic mail has previously notified the sender that he consents for the time being to such communications being sent by, or at the instigation of, the sender.
- (3) A person may send or instigate the sending of electronic mail for the purposes of direct marketing where—
- (a) that person has obtained the contact details of the recipient of that electronic mail in the course of the sale or negotiations for the sale of a product or service to that recipient;
 - (b) the direct marketing is in respect of that person's similar products and services only; and
 - (c) the recipient has been given a simple means of refusing (free of charge except for the costs of the transmission of the refusal) the use of his contact details for the purposes of such direct marketing, at the time that the details were initially collected, and, where he did not initially refuse the use of the details, at the time of each subsequent communication.
- (4) A subscriber shall not permit his line to be used in contravention of paragraph (2)."

5. Section 11(3) of the DPA defines “direct marketing” as “the communication (by whatever means) of any advertising or marketing material which is directed to particular individuals”. This definition also applies for the purposes of PECR (see regulation 2(2)).
6. “Electronic mail’ is defined in regulation 2(1) PECR as “any text, voice, sound or image message sent over a public electronic communications network which can be stored in the network or in the recipient’s terminal equipment until it is collected by the recipient and includes messages sent using a short message service”.
7. Section 55A of the DPA (as amended by the Privacy and Electronic Communications (EC Directive) (Amendment) Regulations 2011 and the Privacy and Electronic Communications (EC Directive) (Amendment) Regulations 2015) states:

“(1) The Commissioner may serve a person with a monetary penalty if the Commissioner is satisfied that –
 - (a) there has been a serious contravention of the requirements of the Privacy and Electronic Communications (EC Directive) Regulations 2003 by the person, and
 - (b) subsection (2) or (3) applies.
 - (2) This subsection applies if the contravention was deliberate.
 - (3) This subsection applies if the person –
 - (a) knew or ought to have known that there was a risk that the contravention would occur, but
 - (b) failed to take reasonable steps to prevent the contravention.”

8. The Commissioner has issued statutory guidance under section 55C(1) of the DPA about the issuing of monetary penalties that has been published on the ICO's website. The Data Protection (Monetary Penalties) (Maximum Penalty and Notices) Regulations 2010 prescribe that the amount of any penalty determined by the Commissioner must not exceed £500,000.
9. PECR implements European legislation (Directive 2002/58/EC) aimed at the protection of the individual's fundamental right to privacy in the electronic communications sector. PECR was amended for the purpose of giving effect to Directive 2009/136/EC which amended and strengthened the 2002 provisions. The Commissioner approaches PECR so as to give effect to the Directives.

Background to the case

10. The Company is a car finance brokerage. In part, it generates leads for its business by instigating the sending of direct marketing text messages steering individuals to a website address which automatically transfers web traffic to its own web homepage in the following terms:

" X you have been accepted for Car Finance no upfront costs or credit checks, Drive away in a car within 24hrs at www.go-finance.com to stop txt stop"
11. Mobile phone users can report the receipt of unsolicited marketing text messages to the GSMA's Spam Reporting Service by forwarding the message to 7726 (spelling out "SPAM"). The GSMA is an organisation that represents the interests of mobile operators worldwide. The Commissioner is provided with access to the data on complaints made to the 7726 service.

12. Between 28 August 2015 and 18 December 2015, 896 complaints were made to the 7726 service about the receipt of unsolicited direct marketing text messages sent by the Company. In the same period 16 complaints were made direct to the Commissioner.
13. On 6 November 2015 the Commissioner wrote to Carfinance 247 Limited about the complaints received and asked a number of questions about its compliance with PECR. Carfinance 247 Limited was warned that the Commissioner could issue civil monetary penalties up to £500,000 for PECR breaches.
14. In correspondence with the Commissioner on 20 November 2015, the Company responded explaining that the messages had been sent by an affiliate partner with whom they had a commercial relationship. It submitted that the messages were sent without their prior knowledge or authorisation and that the affiliate had sent text messages promoting a website it controlled which subsequently redirected customers to Carfinance 247 Limited's website homepage. They advised that they only became aware of the activity on receiving a number of direct complaints from individuals.
15. Further enquiries with the identified affiliate company in December 2015 revealed that it had run a marketing campaign on behalf of Carfinance 247 Limited to increase traffic to their website and increase the number of applications received by them. For this lead generation service the affiliate had been paid commission based upon applications received and successfully executed car finance agreements. It advised that Carfinance 247 Limited were fully aware of their marketing strategies and its use of text messages, the website had been jointly administered by them and that the decision to run the campaign had been jointly made and agreed by both parties.

16. The Company's affiliate subsequently confirmed that it had sent a total of 65,000 text messages on behalf of Carfinance 247 Limited between 28 August 2015 and 18 December 2015 to individuals whose details had been obtained from a third party supplier.
17. The affiliate provided the Commissioner with examples of the consent wording relied on by its third party data provider some of which are as follows:

"If you have given your permission during the ordering process your name and address may be entered on a separate file to receive future catalogues or items of similar interest. You may also have indicated your consent for this basic information to be shared with carefully selected partners who market products we believe will be of interest to you."

" ... if you provide us with your email address and/or name for the purposes of receiving communications from us, this information will not be shared with any third-party organization except with your express consent."

"If you are an existing customer ...we may use your data, or permit selected third parties to use your data, so that you can be provided with information about unrelated goods and services which we consider may be of interest to you. We or they may contact you about these goods and services by any of the methods that you consented at the time your information was collected."

"By agreeing to these terms and conditions we may contact you about services or products offered by us or other companies in our group or approved by us, which we believe you may be interested in, or to carry

out market research about our services or products or those of third parties. We may also pass information to other companies approved by us so that they may contact you about services or products, which they believe you may be interested in... Contact for these purposes may be by post, email, SMS or by other means as we may agree with you from time to time. This will override any registrations you may have with any preference services."

18. Carfinance 247 Limited responded to the Commissioner's further enquiries on 12th February 2016 accepting that the consent wording relied upon was not sufficient to amount to consent for the purposes of regulation 22 of PECR.
19. The Commissioner has made the above findings of fact on the balance of probabilities.
20. The Commissioner has considered whether those facts constitute a contravention of regulation 22 of PECR by the Company and, if so, whether the conditions of section 55A DPA are satisfied.

The contravention

21. The Commissioner finds that the Company has contravened regulation 22 of PECR.
22. The Commissioner finds that the contravention was as follows:
23. Between 28 August 2015 and 18 December 2015, the Company used a public telecommunications service for the purposes of instigating the transmission of 65,0000 unsolicited communications by means of

electronic mail to individual subscribers for the purposes of direct marketing contrary to regulation 22 of PECR.

24. "Consent" within the meaning of regulation 22(2) requires that the recipient of the electronic mail has notified the sender that he consents to messages being sent by, or at the instigation of, that sender. Indirect, or third party, consent can be valid only if it is clear and specific enough.
25. In this case the Commissioner is satisfied that the Company did not have the consent, within the meaning of regulation 22(2), of the 65,000 subscribers to whom it sent unsolicited direct marketing text messages.
26. The Commissioner is satisfied that the Company was responsible for this contravention.
27. The Commissioner has gone on to consider whether the conditions under section 55A DPA were met.

Seriousness of the contravention

28. The Commissioner is satisfied that the contravention identified above was serious. This is because Carfinance 247 Limited instigated the sending of a total number of 65,000 direct marketing text messages to subscribers without their consent resulting in 912 complaints being made.
29. The Commissioner is therefore satisfied that condition (a) from section 55A(1) DPA is met.

Deliberate or negligent contraventions

30. The Commissioner has considered whether the contravention identified above was deliberate. In the Commissioner's view, this means that the Company's actions which constituted that contravention were deliberate actions (even if the Company did not actually intend thereby to contravene PECR).
31. The Commissioner considers that in this case the Company did not deliberately contravene regulation 22 of PECR in that sense.
32. The Commissioner had gone on to consider whether the contraventions identified above were negligent.
33. First, the Commissioner has considered whether the Company knew or ought reasonably to have known that there was a risk that these contraventions would occur. She is satisfied that this condition is met given that the Company relied on direct marketing due to the nature of its business, and the fact that the issue of unsolicited text messages has been widely publicised by the media as being a problem.
34. The Commissioner has published detailed guidance for those carrying out direct marketing explaining their legal obligations under PECR. This guidance explains the circumstances under which organisations are able to carry out marketing over the phone, by text, by email, by post, or by fax. In particular it states that organisations can generally only send marketing texts to individuals if that person has specifically consented to receiving them.
35. It is therefore reasonable to suppose that the Company knew or ought reasonably to have known that there was a risk that these contraventions would occur.

36. Second, the Commissioner has gone on to consider whether the Company failed to take reasonable steps to prevent the contraventions. Organisations buying marketing lists from third parties, or contracting with third parties to carry out marketing for them, must make rigorous checks to satisfy themselves that the third party has obtained the personal data it is using fairly and lawfully, and that they have the necessary consent. It is not acceptable to rely on assurances of indirect consent without undertaking proper due diligence. Organisations must ensure that consent was validly obtained, that it was reasonably recent, and that it clearly extended to them specifically or to organisations fitting their description.
37. The Company was unable to provide any evidence that it had undertaken appropriate due diligence in this case. The Commissioner is therefore satisfied that the Company failed to take reasonable steps to prevent the contraventions.
38. The Commissioner is therefore satisfied that condition (b) from section 55A(1) DPA is met.

The Commissioner's decision to issue a monetary penalty

39. For the reasons explained above, the Commissioner is satisfied that the conditions from section 55A(1) DPA have been met in this case. She is also satisfied that section 55A(3A) and the procedural rights under section 55B have been complied with.
40. The latter has included the issuing of a Notice of Intent, in which the Commissioner set out her preliminary thinking. In reaching her final

view, the Commissioner has taken into account the representations made by the Company on this matter.

41. The Commissioner is accordingly entitled to issue a monetary penalty in this case.
42. The Commissioner has considered whether, in the circumstances, she should exercise her discretion so as to issue a monetary penalty.
43. The Commissioner's underlying objective in imposing a monetary penalty notice is to promote compliance with PECR. The sending of unsolicited marketing texts is a matter of significant public concern. A monetary penalty in this case should act as a general encouragement towards compliance with the law, or at least as a deterrent against non-compliance, on the part of all persons running businesses currently engaging in these practices. The issuing of a monetary penalty will reinforce the need for businesses to ensure that they are only texting those who consent to receive marketing.
44. For these reasons, the Commissioner has decided to issue a monetary penalty in this case.

The amount of the penalty

45. The Commissioner has taken into account the following **mitigating features** of this case:
 - There is a potential for damage to the Company's reputation which may affect future business.
46. The Commissioner has taken into account the following **aggravating features** of this case:

- The Company may obtain a commercial advantage over its competitors by generating leads from unlawful marketing practices.
47. The Commissioner has also taken into account the fact that Carfinance 24 Limited has contravened regulation 23 of PECR in that it did not identify the person who was sending or instigating direct marketing text messages or provide a valid address to which the recipient of the communication may send a request that such communications cease has not been provided.
48. Taking into account all of the above, the Commissioner has decided that a penalty in the sum of **£30,000 (thirty thousand pounds)** is reasonable and proportionate given the particular facts of the case and the underlying objective in imposing the penalty.

Conclusion

49. The monetary penalty must be paid to the Commissioner's office by BACS transfer or cheque by **13 October 2016** at the latest. The monetary penalty is not kept by the Commissioner but will be paid into the Consolidated Fund which is the Government's general bank account at the Bank of England.
50. If the Commissioner receives full payment of the monetary penalty by **12 October 2016** the Commissioner will reduce the monetary penalty by 20% to **£24,000 (twenty four thousand pounds)**. However, you should be aware that the early payment discount is not available if you decide to exercise your right of appeal.

51. There is a right of appeal to the First-tier Tribunal (Information Rights) against:
- (a) the imposition of the monetary penalty and/or;
 - (b) the amount of the penalty specified in the monetary penalty notice.
52. Any notice of appeal should be received by the Tribunal within 28 days of the date of this monetary penalty notice.
53. Information about appeals is set out in Annex 1.
54. The Commissioner will not take action to enforce a monetary penalty unless:
- the period specified within the notice within which a monetary penalty must be paid has expired and all or any of the monetary penalty has not been paid;
 - all relevant appeals against the monetary penalty notice and any variation of it have either been decided or withdrawn; and
 - the period for appealing against the monetary penalty and any variation of it has expired.
55. In England, Wales and Northern Ireland, the monetary penalty is recoverable by Order of the County Court or the High Court. In Scotland, the monetary penalty can be enforced in the same manner as an extract registered decree arbitral bearing a warrant for execution issued by the sheriff court of any sheriffdom in Scotland.

Dated the 12th day of September 2016

Signed

Stephen Eckersley
Head of Enforcement
Information Commissioner's Office
Wycliffe House
Water Lane
Wilmslow
Cheshire
SK9 5AF

ANNEX 1

SECTION 55 A-E OF THE DATA PROTECTION ACT 1998

RIGHTS OF APPEAL AGAINST DECISIONS OF THE COMMISSIONER

1. Section 48 of the Data Protection Act 1998 gives any person upon whom a monetary penalty notice or variation notice has been served a right of appeal to the (First-tier Tribunal) General Regulatory Chamber (the 'Tribunal') against the notice.
2. If you decide to appeal and if the Tribunal considers:-
 - a) that the notice against which the appeal is brought is not in accordance with the law; or
 - b) to the extent that the notice involved an exercise of discretion by the Commissioner, that she ought to have exercised her discretion differently,

the Tribunal will allow the appeal or substitute such other decision as could have been made by the Commissioner. In any other case the Tribunal will dismiss the appeal.

3. You may bring an appeal by serving a notice of appeal on the Tribunal at the following address:

GRC & GRP Tribunals
PO Box 9300
Arnhem House
31 Waterloo Way
Leicester
LE1 8DJ

- a) The notice of appeal should be sent so it is received by the Tribunal within 28 days of the date of the notice.

- b) If your notice of appeal is late the Tribunal will not admit it unless the Tribunal has extended the time for complying with this rule.
4. The notice of appeal should state: -
- a) your name and address/name and address of your representative (if any);
 - b) an address where documents may be sent or delivered to you;
 - c) the name and address of the Information Commissioner;
 - d) details of the decision to which the proceedings relate;
 - e) the result that you are seeking;
 - f) the grounds on which you rely;
 - g) you must provide with the notice of appeal a copy of the monetary penalty notice or variation notice;
 - h) if you have exceeded the time limit mentioned above the notice of appeal must include a request for an extension of time and the reason why the notice of appeal was not provided in time.
5. Before deciding whether or not to appeal you may wish to consult your solicitor or another adviser. At the hearing of an appeal a party may conduct his case himself or may be represented by any person whom he may appoint for that purpose.
6. The statutory provisions concerning appeals to the First-tier Tribunal (General Regulatory Chamber) are contained in sections 48 and 49 of, and Schedule 6 to, the Data Protection Act 1998, and Tribunal Procedure (First-tier Tribunal) (General Regulatory Chamber) Rules 2009 (Statutory Instrument 2009 No. 1976 (L.20)).