

19 February 2025

David Geale  
Interim Managing Director  
Payment Systems Regulator  
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Dear David

**RE: ONLINE DATING AND PAYMENT SYSTEM PROVIDERS**

The Online Dating and Discovery Association (ODDA) is the global voice for the sector with a mission to promote safe, responsible and enjoyable dating and social experiences for everyone. Our members include some of the most well-known brands in the UK and a growing number of innovative start-ups.

As a trade body, we work on behalf of our members with regulators and policymakers to ensure that the sector, which contributes over £300 million to the UK economy each year, is able to compete on a level-playing field with other online services.

**However, the sector faces significant threats to its future growth as a result of misperceptions by the payments industry.**

**‘High-Risk’ Classification:**

Online dating services are often categorised as ‘high risk’ by payment providers meaning that it can be incredibly difficult to find payment providers who are willing to work with companies in our sector. This is despite it being a multi-billion-dollar global industry with some of the larger firms listed on international stock markets. As a result, choice is severely limited, pushing up costs. In some cases, the only option available is to seek a payment provider from a less well-regulated country which significantly increases risk. Both of these outcomes damage growth in a sector which has flourished since the pandemic.

**Chargebacks:**

The ODDA has been openly supportive of moves to improve consumer protection and welcomed the introduction of the Digital Markets, Competition and Consumer Act (DMCCA) last year. We also contributed positively to a recent consultation on proposals for a new subscription contracts regime under the DMCCA. However, we are aware that several of our members have experienced issues with ‘chargebacks’ from banks that have left them out of pocket.

As an example, many of our members operate a subscription-based model. If a consumer decides to cancel their subscription, the merchant issues a refund or part refund in accordance with their terms and conditions. In the majority of cases, this process works well. Where it falls down however, is when the merchant legitimately refuses a refund – for example, a breach of terms and conditions or a consumer trying to cancel after the cooling-off period has ended.

We are hearing from our members that consumers are then filing a dispute or chargeback with their bank who appear to be automatically reimbursing their customers in full before recovering the money from the merchant - leaving them out of pocket.

While we recognise that the costs incurred by banks to investigate every dispute or chargeback may be higher than the cost of the refund, the impact on smaller firms in particular, is significant. We are also seeing a growing number of consumers who are 'gaming' the system. This means they 'binge' on content and then cancel, knowing that they are very likely to get a refund off the bank leaving the merchant significantly out of pocket.

### **The Scale of Fraud:**

As you will be aware, online fraud is one of the largest single crime types in the country. Romance fraud, which can happen on any online platform, is becoming more common with recent figures from Lloyds Bank suggesting it has grown 30% year on year.

Concerns about the levels of fraud across our sector is often given as a reason why a payment provider is unable to take on an online dating service as a customer. However, this ignores the significant efforts that our members have made in implementing robust and innovative trust and safety processes that prevent or remove users from their services. This includes both technical and human controls such as identity verification and content moderation as well as seeking partnerships with voluntary organisations and charities to support victims of romance fraud.

As an association, the ODDA has worked hard with its members to improve standards in this area to make it hostile to fraudsters and other bad actors. We also continue to call for a whole-sector approach to combatting fraud and are working with other stakeholders to improve information sharing. Recent figures from the City of London Police show that this approach is working – romance fraud is now more common on social media sites than on dating apps. But we need to change the perception of the sector with others.

### **Ways forward:**

I welcome the opportunity to discuss how we can work together to break down the existing barriers and improve access for your members which will encourage greater innovation and growth in ours.

I look forward to hearing from you.



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**Chief Executive Officer**

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cc: Emma Reynolds MP, Economic Secretary to the Treasury  
Lord Livermore, Financial Secretary to the Treasury  
Nikhil Rathi, CEO Financial Conduct Authority