Rohsler on…

EXEMPT LOTTERIES

Occasional studies from the casebook of gambling, games, risk and regulation

Raffles, sweepstakes and tombolas: which small lotteries can you run without a licence?

The raffle at a charity ball, the tombola at a church fete and the office Grand National sweepstake are all lotteries in law. Most can be run perfectly lawfully without a licence, but only within limits which the Gambling Act 2005 sets out in some detail. This is a short guide to where those limits lie.

CARL ROHSLER | SEPTEMBER 2026

THE THREE POINTS TO REMEMBER

- Every raffle, tombola or sweepstake is a lottery. Running one is an offence unless it is licensed by the Commission, forms part of the National Lottery or falls within one of the exemptions in Sch.11 to the Gambling Act 2005.
- The exemptions are generous but strict. Break any one of the conditions and the protection is lost for the whole lottery.
- Choose the right category before a single ticket is sold, keep the arrangements simple, and keep a record of what was done.

1. When is a lottery exempt?

1. A lottery is any arrangement which satisfies s.14: people pay to take part, prizes are allocated to one or more of them, and the prizes are allocated by a process which relies wholly on chance. The label is irrelevant. Calling the arrangement a "raffle", a "tombola" or a "prize draw" does not take it outside the definition.
2. A raffle is simply one kind of lottery, in which each ticket is a separate entry and there is a one-to-one correspondence between the entrants and the potential winners. A numbers draw is different: many entrants may choose the same numbers, or no one may choose the winning ones.
3. The real question is therefore not whether a raffle is a lottery (it always is), but whether the lottery is exempt from the demanding requirement to hold an operating licence from the Gambling Commission.
4. Promoting or facilitating a lottery without that licence is an offence under ss.258 and 259, unless the lottery is exempt. Schedule 11 creates six exempt categories:

   (a) incidental lotteries, held at an event;
   (b) private society lotteries;
   (c) work lotteries;
   (d) residents' lotteries;
   (e) customer lotteries; and
   (f) small society lotteries, which need a simple registration with the local council.

2. Raffles incidental to events (incidental lotteries)

1. This is the exemption most frequently relied on in practice. It covers a raffle or tombola held at an event such as a charity ball or a church fete, provided the lottery is not the main reason for the event.
2. **No private gain.** The lottery must be promoted wholly for a purpose other than private gain, so the money raised should go to a good cause. Since 2016 the event itself may be commercial, so a pub can hold a charity raffle without giving away the evening's takings.
3. **Limits on deductions.** No more than £500 may be taken out of the ticket money to pay for prizes, and no more than £100 to cover the costs of running the lottery. There is no limit on the value of prizes which are donated or paid for from elsewhere.
4. **Tickets on the day only.** Tickets may be sold only at the event, and only while it is taking place. Advance sales are not allowed. Rollovers are not allowed.

3. Lotteries for members, colleagues and neighbours (private lotteries)

1. **Private society lotteries.** A club or society which was not set up, and is not run, for gambling may hold a lottery for its own members. The promoters must be members authorised in writing by the society, and tickets may be sold only to members or on the society's own premises.
2. A society should not let the lottery take over: a 1950s supporters' club whose weekly lotteries had become one of its main activities lost the exemption.
3. **Work lotteries.** Colleagues who work at the same premises may run a lottery among themselves, such as the office sweepstake. Both the organisers and the ticket buyers must work at those premises. The Commission's guidance takes a sensible view of who counts, but tickets and the draw should stay on the work premises.
4. **Residents' lotteries.** The same principle applies to people who live in the same residential premises, such as a hall of residence, a care home or staff accommodation.
5. **Common rules.** In all three private lotteries:
   (a) every ticket must cost the same, so “five for the price of four” is not allowed;
   (b) the ticket must be paid for before it is handed over, so there is no selling on credit;
   (c) tickets and the rights they give cannot be transferred;
   (d) there must be no rollover; and
   (e) advertisements may appear only on the society, work or residential premises concerned.
6. Work and residents' lotteries must also be run so that no profit is made, unless they are promoted wholly for a purpose other than private gain, such as a charity.

4. The shop raffle (customer lotteries)

1. Legend has it that this category of exemption found its way into the Act because one of the civil servants involved in drafting the Bill was asked by his local butcher why he could not offer a raffle for a Christmas turkey. Whether apocryphal or not, a business may run a lottery for its customers on its own premises, subject to tight limits:
   (a) tickets may be sold only to customers who are on the business premises;
   (b) no ticket may win a prize worth more than £50;
   (c) the lottery must make no profit;
   (d) at least seven days must pass between draws; and
   (e) advertisements may appear only on the premises, and may not be posted, emailed or published elsewhere.

2. Each ticket must show the promoter's name and address, the price, who may buy it, and that it is not transferable.

5. Charities and clubs raising funds (small society lotteries)

1. A non-commercial society, such as a charity, a sports club or a community group, may run a larger fundraising lottery open to the public, provided it registers with its local council before it starts.
2. **The limits.** At least 20% of the proceeds must go to the society's purposes. No ticket may win more than £25,000, including any rollover. A lottery stays "small" only while its ticket sales cannot exceed £20,000 and the society's lottery sales in the calendar year do not exceed £250,000. Above those figures it becomes a large lottery, which needs an operating licence from the Commission.
3. **Tickets and records.** Every ticket must cost the same and be paid for in advance. The ticket must identify the society, the price, the date of the draw and the person responsible for running the lottery. Within three months of the draw the society must send the council a statement of the proceeds, the prizes, the expenses and the amount applied to its purposes, signed by two members appointed for the purpose.

6. Common pitfalls

1. Common mistakes include:

   (a) selling tickets outside the permitted group, or in advance of an event;
   (b) bundle discounts on tickets;
   (c) rolling an unclaimed prize over to the next draw where rollovers are not allowed;
   (d) letting the proceeds, or the prizes, drift above the relevant limits; and
   (e) allowing children to take part: it is an offence under s.56 to invite or allow a person under 16 to participate in a lottery.

7. What organisers should do

Most people who want to run a raffle or a sweepstake can do so lawfully with a little forethought. Start by deciding which exemption fits: an event, a group of members, colleagues or residents, a shop's customers, or a registered society. Then follow every condition for that category, especially those on who may buy tickets, where and when they are sold, prize and deduction limits, and rollovers. Keep a short note of the arrangements and the money. If the lottery does not fit any category comfortably, or is likely to grow, it is worth taking advice before the first ticket is sold.

ABOUT CARL ROHSLER

A recognised expert on gambling law and its intersection with technology and IP, Carl is listed in Legal 500's Hall of Fame for Gambling, and in Chambers Global Guide to the legal profession in Gaming and IP.

In IP, his work includes both contentious and non-contentious matters involving trade marks and designs, copyright, patents and confidential information. He has been involved in some of the leading reported IP cases in the last 25 years, with a focus on technology and digital services.

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