



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

# Can an unregulated social casino operate in the UK?

*Sweepstake casinos have spread rapidly across the United States. Can the same dual-currency model be offered to British consumers without a Gambling Commission licence? In my view it can, but only if the route by which winnings leave the platform is built with real care.*

CARL ROHSLER | SEPTEMBER 2026

### THE THREE POINTS TO REMEMBER

- Casino games played only with purchased coins, which can never be cashed out, are not gambling, because there is no prize.
- Games played with free “sweep coins” which can be cashed out are still gaming. Under s.6(4) the player need not risk losing anything.
- The hard part is letting real-world value leave the platform without that step itself becoming gambling. Solutions exist, but they need careful design and documentation before launch.

## 1. What a social casino is

1. Social casinos, often called “sweepstake casinos”, were developed in the United States as a way of offering casino-style entertainment across many states without becoming a regulated operator in each. To English ears the name is confusing. The product bears no resemblance to what we call a sweepstake, and it tries its level best not to be a casino either.
2. The model rests on two virtual currencies. Players buy “coins” (sometimes “gold coins”) and use them for purely recreational play. Those coins can never win a real-world prize.
3. The second currency, usually called “sweep coins”, cannot be bought. Players receive sweep coins as a free bonus when they buy coins, through an advertised postal route, or by completing tasks such as verifying their identity. Games played with sweep coins can produce winnings which may ultimately be redeemed for real-world prizes.
4. I usually describe the arrangement as a desk fan facing a child’s toy windmill. The fan is powered and creates a breeze, and the windmill spins in it. There is no mechanical connection between the two, but the output of one moves the other. Put glibly, the operators’ case is that there is no prize for the thing you pay for, and no payment for the thing that can win you a prize.

## 2. The statutory map

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1. The Gambling Act 2005 regulates three activities: gaming (s.6), betting (ss.9-12) and lotteries (s.14). An operator offering any of them to British consumers needs an operating licence, and providing facilities for gambling without one is an offence under s.33.
2. Section 339 supplies the other half of the picture. A competition or other arrangement under which a person may win a prize is not gambling unless it is gaming, a lottery or betting. Anything which escapes all three definitions may be offered without a licence.
3. The well-trodden routes out of regulation are to remove the chance, to remove the payment or to remove the prize. Thousands of skill contests and free prize draws run lawfully in the UK every day on that footing. A social casino offers games of chance and real prizes, so the analysis turns on payment and on the precise wording of each definition.

## 3. Coins, prizes and the luncheon club

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1. **Play with purchased coins is not gaming.** Gaming requires a prize, which s.6 defines as money or money's worth. Coins which can never leave the platform are neither. The same principle appears in s.239, under which the opportunity to play a gaming machine again is not a prize. It also underpins the Gambling Commission's 2017 statement on loot boxes and the Government's 2022 response to its call for evidence on them, both of which treat rewards that cannot be cashed out as outside the Act.
2. **Play with sweep coins is, technically, gaming.** Many people assume that a free game cannot be gambling because the player has nothing to lose. The assumption is wrong. Section 6(4)(b) provides that a person plays a game of chance for a prize "whether or not he risks losing anything at the game". A slot played with free sweep coins, for winnings which can be cashed out, satisfies both elements of the definition: a game of chance, and a prize of real value.
3. It seems a slightly silly rule, and I have seen the Commission itself say in writing that an activity was not gaming because players could not lose anything. The rule has respectable origins, however. It was aimed at clubs which served expensive lunches and laid on "free" casino games with prizes as an incidental entertainment. The members were paying for the gaming through the price of lunch, and Parliament closed the loophole by making the stake irrelevant. The provision survives in the current Act.
4. It follows that a social casino cannot simply allow sweep coins won at casino games to be converted into cash. Something more careful is needed.

## 4. The real difficulty: getting value out

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1. **Payment matters for the other definitions.** Unlike gaming, a lottery under s.14 and a prize competition bet under s.11 both require participants to pay in order to take part. Schedules 1 and 2, which are in almost identical terms, explain what does and does not count as paying. They apply to betting and lotteries, but not to gaming.
2. Those Schedules codify a long history of promotional practice. In *Imperial Tobacco Ltd v Attorney General* [1981] AC 718 the House of Lords held that a "Spot Cash" card given away with packets of cigarettes was an unlawful lottery, because some of the price had to be attributed to the card. Prosecutors then announced that they would not pursue schemes which also offered free entry, and that pragmatic compromise lasted for almost a quarter of a century until the 2005 Act put the position on a statutory footing.
3. The Act now recognises two routes. Paying for goods or services at their ordinary price, rather than "at a price or rate which reflects the opportunity to participate", is not payment to enter (para.2(c)). An arrangement with a genuine and properly publicised free entry route, by ordinary post or an equally cheap and convenient method, does not require payment at all (para.8). A free route must be real: one which does not give a genuine means of taking part will not survive scrutiny.
4. **The difficulty lies in the extraction of value.** The dual-currency model works well enough while everything stays inside the platform. The hard part is allowing real-world value to leave it without that step itself becoming gambling. That calls for some creative legal solutions, several of which fortunately exist in the

wider field of non-gambling promotional mechanics. Which of them suits a particular platform depends on its design, and the detail is a matter for advice rather than for an article.

## 5. Designing with scrutiny in mind

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1. **Labels can shift.** Some mechanics fit more than one category. Numbered balls drawn from a barrel could be a bet, a game of bingo or a lottery. Any mechanism by which value leaves the platform has to be robust against being recharacterised as a form of gambling.
2. Sections 16 to 18 of the Act decide which label applies where an activity meets more than one definition. They also show what Parliament regarded as the defining characteristics of each form, and a court is likely to have them in mind.
3. The case law on what counts as a “game” is not consistent. In *Adcock v Wilson* [1967] 2 QB 683 (affirmed [1969] 2 AC 326) Widgery J looked for excitement, fun and the common pursuit of a known object by competitors. More recently, in *IFX Investment Company Ltd v Revenue and Customs Commissioners* [2016] EWCA Civ 436, the Court of Appeal did not disturb a finding that “spot the ball” was gaming, although its players had no contact with one another.
4. Skill is no easy escape either. In *R v Kelly* [2008] EWCA Crim 137 poker was held to be a game of chance despite strong evidence that skill predominated, and any element of chance above the trivial will do. Established formats, clear terms and a careful description of each feature all help, but there is no substitute for testing the mechanics against each definition in turn.

## 6. The regulatory climate

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1. None of this guarantees freedom from challenge. The Commission is publicly focused on unlicensed operators, and a social casino offered to British consumers will attract its attention, and quite possibly that of regulated competitors.
2. The limits of the “normal price” provision may also be tested in the Commission’s prosecution of *Sorare SA*. The trial has been postponed more than once and is now listed for 7 June 2027. A reasoned judgment on the point would be welcome.
3. The Government’s Voluntary Code of Good Practice for Prize Draw Operators shows that free entry promotions are under policy scrutiny. The Code is voluntary, however, and the free entry provisions sit in primary legislation, so they are unlikely to disappear soon.

## 7. What operators should do

In my view an unregulated social casino can operate lawfully in Great Britain, but only if it is designed around the Act rather than imported wholesale from the United States. Play with coins alone is safe. Play with sweep coins for cashable prizes is not, however free it may feel to the player. The real work lies in how value leaves the platform, and that is where the design has to be most careful. Before launch, an operator should document the coin pricing, the free routes, every point at which a prize can be won and the terms which describe them. The answer depends on those details, and they are what I would need to see before giving a definitive view on any particular platform.

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### 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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