Consultation response

Field	Value
Responder	Computer and Communications Industry Association (CCIA)
Responder Type	organisation
Org Role	Senior Director, UK
Org Type	Civil society

Volume 1: Context

3. Online advertising ecosystem

Q1: Is there any information or evidence you hold that could enhance our understanding of the online advertising ecosystem?

No response.

4. Causes and impacts of fraudulent advertising

Q2: Do you have any comments on Ofcom's assessment of the causes and impacts of fraudulent advertising? Do you think we have missed anything important in our analysis? Please provide evidence to support your answer.

The consultation notes that fraudulent adverts can cause a loss of trust in advertisements, undermining legitimate businesses. Fraudulent adverts can also undermine trust in the digital services on which those adverts are hosted. This dynamic is important to take into account, because it means that for well-known services with strong brands, there is a commercial incentive to address fraudulent adverts.
The consultation also notes that fraudsters exploit new technologies such as artificial intelligence (AI). For the sake of balance, it is important to note that those new technologies are also often a means to address fraudulent advertising. The net impact is uncertain and not necessarily negative. AI in particular can often help companies address the "needle in a haystack" problem of identifying fraudulent adverts among many legitimate ones without disproportionate false positives.

Q3: Do you agree with the examples of risky characteristics we have provided? Please provide any arguments and supporting evidence.

It is important to draw a clear distinction between risky characteristics that are always problematic, e.g. outright impersonation of public figures; some which are generally problematic but can reflect legitimate technical features, e.g. unusual URLs; and legitimate features that are susceptible to misuse (e.g. use of generative AI). Otherwise there is a risk that regulation, for example, deters the use of generative AI tools that might lower costs for smaller advertisers, with unintended anti-competitive consequences. Ofcom should delineate between these different kinds of characteristics.

5. Our approach to developing Codes measures

Q4: Do you agree with our proposed approach? Please provide any arguments and supporting evidence.

Yes.
CCIA broadly agrees with the proposed approach and concerns in the rest of this consultation response relate to ensuring that it is delivered in the detailed proposals.

6. Combined impact assessment

Q5: Do you consider the overall burden on the service providers in scope of our proposed measures to be proportionate? Please provide any arguments and supporting evidence.

No.
In several areas Ofcom has made decisions that raise costs relative to alternatives approaches that would deliver the same impact at lower cost.
Ofcom has also introduced requirements that would be costly and go beyond legislative intent.
Examples of both will be provided in the rest of this consultation response.
Ofcom can therefore realise improvements for consumers faster and moderate the burden on service providers if it mitigates those issues, which would make the proposed measures proportionate. In turn this is likely to improve the overall delivery of online safety improvements across the board.

Volume 2: Risk, governance and control

2. Advertising intermediaries

Q6: Do you agree with our proposal? Please provide any arguments and supporting evidence.

No.
Service providers cannot reasonably be expected to monitor, audit, or guarantee the internal compliance workflows of independent third parties. Ofcom should clarify that standard contractual covenants and enforcement mechanisms with advertising intermediaries fully satisfy the "reasonable endeavours" threshold.

Q7: We have included two illustrative examples of when and how this measure may be applied, and what 'all reasonable endeavours' might look like. Do you have any comments on these examples, and do you have any additional examples of how providers could work with or require intermediaries to implement safety measures in circumstances where they have insufficient control? Please provide any arguments and supporting evidence.

Both examples give limited information about what the review or arrangements would involve. Clarifying that these could take the form of standard contractual covenants backed by enforcement mechanisms where breaches are identified are capable of satisfying the "all reasonable endeavours" threshold.

3. Fraud indicator assessment

Q8: Do you agree with our proposal? Please provide any arguments and supporting evidence.

Mandating information requests from third parties should be strictly limited to cases where the data is genuinely necessary, known to be held by the third party, and not already available to the provider. Unnecessary requests, or requests that a provider might be unable to satisfy, would have harmful effects both in terms of privacy and security (undermining data minimisation) and potentially competition (making it harder for smaller or less technically-sophisticated parties to engage with the advertising ecosystem).
Providers should be explicitly permitted to leverage their existing organisational risk models, aligning fraud assessments with their illegal content and children's risk assessment frameworks. This would reduce overall cost, allow providers to act sooner, and support consistency of standards across risk assessments.

Q9: Do you think there are other information sources providers should consider in order to understand how fraudulent advertising manifests on their service? If so, what information and why would they need to consider it?

No response.

4. Governance and accountability

Q10: Do you agree with our proposals? Please confirm which proposed measure your views relate to and provide any arguments and supporting evidence.

No response.

5. Testing advertisement generation tools

Q11: Do you agree with our proposal? Please provide any arguments and supporting evidence.

Responsible advertising platforms and developers support and are developing rigorous safety testing for content generation tools. However, the proposed recommended measure fails to effectively tackle the underlying mechanics of ad fraud. Fraudulent content is defined by the deceptive intent of the bad actor creating or uploading it, rather than the capabilities of the advertising generation tool (AGT) itself. Mandating restrictive measures on native tools risks deterring providers from developing safe, integrated ad-creation features. This risks expanding the overall market for tools without those safety features, increasing their prevalence and therefore overall harms.

This proposal also cannot lawfully apply to AGTs that operate outside the scope of a regulated service. As currently drafted, this provision impermissibly extends Code duties to unregulated tools and standalone services. If the regulation is only imposed on native tools, on the other hand, it will both increase circumvention, have little effect and risk undermining integration between AGTs and advertising platforms that may be best-placed to ensure they are used responsibly.

Responsible AGT providers already maintain comprehensive systems to test, log and evaluate model performance. Requiring parallel, UK-specific localised testing specifically for advertising fraud is disproportionate where providers can already demonstrate robust global baseline test.

Volume 3: Ensuring account integrity

2. Account checks and actions

Q12: Do you agree with our proposal? Please provide any arguments and supporting evidence. Where your feedback relates to a specific check we are proposing providers should carry out, please make this clear. These are :

Platforms should be allowed to take a risk-based approach to account checks and actions. Universal verification is both likely to prove ineffective, and impose a disproportionate burden on smaller advertisers. This will both produce direct and disproportionate economic impacts and undermine competition in the wider economy.

In terms of the steps taken, a rigid, prescriptive checklist creates severe operational bottlenecks and risks disproportionate intrusion into the privacy rights of legitimate advertisers. The final Code should frame these measures as an indicative list of illustrative steps.

The requirement to independently verify the contractual or legal relationship between the account holder and the underlying advertised entity is commercially unviable and should be removed from the final Code.

Ofcom should clarify that providers are expected to take proportionate and reasonable steps to screen against banned persons under FAU/FAS H1.3(b), rather than guaranteeing exhaustive elimination.

Q12.A: verification that advertising account holders work for, or on behalf of, the individual or organisation they are advertising

No response

Q12.B: checks and actions to prevent banned advertising account holders returning

No response

Q12.C: checks for accounts with indicators that there is a material risk they will post fraudulent advertising so that restrictions can be applied to them

No response

Q12.D: repeat checks where there are relevant changes identified on an account.

No response

Q13: Are you aware of any other account checks and actions providers could do to protect users from fraudulent advertising? Please provide any arguments and supporting evidence.

Platforms can take a risk-based approach to account checks and monitor and improve how those risk-based measures deliver improved outcomes over time.

3. Preventing fraudulent financial services advertising

Q14: Do you agree with our proposal? Please provide any arguments and supporting evidence.

No response.

4. Countering account takeover

Q15: Do you agree with our proposals? Please confirm which proposed measure your views relate to and provide any arguments and supporting evidence.

No response.

Q16: Do you have any evidence about account takeover that could inform our assessment, including how frequently it occurs or its impact?

No response.

5. Advertising bans

Q17: Do you agree with our proposal? Please provide any arguments and supporting evidence.

Generally speaking, Ofcom should be wary of requiring bans after a single violation in this and other areas of regulation. While there are offences for which a ban after a single offence is appropriate, fraudulent advertising covers a broad range of behaviours, some of which are not as intentionally malicious, and automatic ban for a single infringement might preclude an approach whereby platforms work to improve advertiser behaviour. Ofcom should allow for reasonable judgement on the part of advertising platforms.

Q18: Are you aware of any additional exceptional circumstances in which it may be proportionate for providers to reverse advertising bans?

Exceptional circumstances might relate to either the nature of the offence, in cases where the nature of the fraudulent might be somewhat subjective and an advertiser can respond positively to the platform finding an

advert was fraudulent. In this case, the proper function of the platform might be to help an advertiser understand that such a behaviour constitutes fraud.

6. Account appeals

Q19: Do you agree with our proposals? Please confirm which proposed measure your views relate to and provide any arguments and supporting evidence.

Ofcom should explicitly clarify that "appropriate action" following an upheld account appeal is strictly confined to platform-level remedies (e.g., restoring account access or re-enabling advertisements) and does not extend to compensatory or financial awards. Such extra-platform remedies fall outside of Ofcom's scope in the Codes and will undermine the incentive for platforms to prevent fraud. They would also create an incentive to under-enforce, by raising the cost of a wrongful restriction relative to the cost of allowing a fraudulent advert to run. Platforms already have a commercial incentive not to restrict legitimate advertising disproportionately.

Volume 4: Moderation

2. Advertising moderation

Q20: Do you agree with our proposals? Please confirm which proposed measure your views relate to and provide any arguments and supporting evidence.

No response.

3. Terms of service and publicly available statements

Q21: Do you agree with our proposals? Please confirm which proposed measure your views relate to and provide any arguments and supporting evidence.

No response.

4. Advertising complaints (including DRC for trusted flaggers)

Q22: Do you agree with our proposals? Please confirm which proposed measure your views relate to and provide any arguments and supporting evidence.

Measure FAU/FAS D5.2(c), requiring providers to ensure automated systems do not re-flag an ad previously restored on appeal, presents severe safety risks.
Fraudulent advertisers routinely exploit sleeper accounts and account takeovers to convert previously benign creatives into fraudulent vectors. Forcing classifiers to ignore previously cleared assets blinds safety systems to dynamic changes in fraud threats. FAU/FAS D5.2(c) should be removed entirely.

5. Ad libraries

Q23: Do you agree with our proposal? Please provide any arguments and supporting evidence.

While transparency can support advertiser accountability, this can be delivered in a range of ways including initiatives among companies (e.g. the DCMS Online Advertising Taskforce) and through platform-specific engagement with trusted third parties. The consultation notes that external perspectives can support improved detection of fraudulent adverts but this does not imply a publicly-available database, or one with specified fields insensitive to the particular risks and context in which a platform operates.
Parliament could have legislated specifically for an advertising library (as the EU did in the Digital Services Act) but chose not to. Ofcom is reading provisions that on their face implies a more risk- and context-based approach as requiring an advertising library. If it is going to do so, it should at a minimum robustly assess the

costs and benefits of a library versus more flexible alternatives that permit platforms to align who data is shared with, what data is shared and how it is shared to fit the particular risk profile of their service.
Any benefits of a publicly-available library have to be balanced against the infrastructure required for a relatively indirect and uncertain impact on consumer outcomes (i.e. reducing exposure to fraudulent adverts). For many regulated services, this will be disproportionate and divert attention from more impactful activity. Particularly in the context of Parliamentary and wider public concern about whether the Online Safety Act regime is delivering, such a diversion is likely to exacerbate frustrations with the regime as a whole. Ofcom should ensure that efforts are prioritised and focused where the impact will be most meaningful and immediate.

Q24: Do you agree with the principles, functionalities and information categories which we have included in the proposed measure? Please explain your reasoning and, if possible, provide supporting evidence.

To the extent that Ofcom does go ahead with this requirement it should seek to minimise unnecessary costs. The specific data fields proposed in FAU/FAS E.16(e) - reach, (f) - targeting keywords, and (g) previous account names, impose disproportionate technical burdens relative to their practical benefit and should be excluded from the final text. The expressed purpose of this legislation is to assist with the identification of fraudulent adverts and these fields have limited relevance to whether an advert is fraudulent, whereas they require extensive engineering to deliver (and impose disproportionate risk to advertisers in the event of any mistakes).
Where Ofcom proceeds, it should align the data required as closely as possible with Article 39 of the Digital Services Act, so that providers already operating ad repositories in the EU are not required to build and maintain a divergent UK version. Where there is any diversion, there should be a clear evidence base provided as to the harms created that make that requirement necessary and proportionate.
Ofcom should clarify the geographical scope and be clear that it is adverts that platforms reasonably expect will be encountered by users in the UK that are in scope, versus those that they might be technically able to access. It should also be clear that platforms enabling keyword search should be based on reasonably accessible keywords and they are not required to generate new information (particularly for video or image-based adverts).
To the extent an advertising library might require platforms to publish information for which they are not the source, Ofcom should be very clear on the liability for any mistakes. Platforms should not bear liability for information they have not generated and are required to publish.

Q25: Do you have any evidence or insights on the process of building an ad library from scratch or adjusting an ad library to align with the proposed measure, and how long that process would take?

No response.

Additional questions

Q26: Do you agree with our Equality Impact Assessment? Please provide any arguments and supporting evidence.

No response.

Q27: Do you agree with our Welsh language assessment? Please provide any arguments and supporting evidence.

No response.

Q28: Do you agree with our proposals? Please provide any arguments and supporting evidence.

No response.