



Wireless Application Service Providers' Association

Report of the Adjudicator

Complaint number	#41010
Cited WASPA members	BN REV (1824)
Notifiable WASPA members	n/a
Source of the complaint	WASPA Compliance Department
Complaint short description	Reasonable steps not taken to prevent fraudulent use of member's networks and systems.
Date complaint lodged	2019-02-26
Date of alleged breach	2019-02-05; 2019-02-06; 2019-02-07
Applicable version of the Code	v16.3
Clauses of the Code cited	4.11(a)

Related complaints considered	n/a
Fines imposed	Payment of R100 000 for contravention of clause 4.11(a), of which R50 000 payable immediately and R50 000 suspended for 6 months
Other sanctions	n/a
Is this report notable?	n/a
Summary of notability	n/a

Complaint

1. This complaint was lodged by the WASPA Compliance Department after tests conducted by the complainant on the Member's system on five separate occasions identified that the Member had failed and/or omitted to implement one of the measures set out in section 2.3 of the WASPA Fraud Detection and Mitigation Best Practice Guidelines (version 2.1).
2. All five test results showed that:
 - 2.1 Content Security Policy Frame-Ancestors Directive has not been implemented;
 - 2.2 X-Frame Options Response Headers has not been implemented;
 - 2.3 The "HTTP 302" code was presented, which means that any security requirements that may have been set, did not render and would not work effectively.

3. The complainant therefore alleges that the Member's systems remained vulnerable and were not sufficiently secured to prevent potential fraudulent attacks or activity.
 4. As such, the Member is alleged to be in breach of clause 4.11(a) of the WASPA Code of Conduct.
-

Member's response

5. The Member, in its formal response to the complaint, admitted that it had not implemented the measures set out in section 2.3 of the WASPA Fraud Detection and Mitigation Best Practice Guidelines.
6. In mitigation, the Member made the following submissions:
 - 6.1 It only has connectivity to one Mobile Network Operator (MNO) and has ensured that during the implementation of its content services it has complied with the MNO's network protocols at all times. It has also complied with all WASP-related issues that have arisen since inception of its services.
 - 6.2 It had not been accused of any fraud and had not been flagged by its MNO for any unruly transactions.
 - 6.3 It was not aware that compliance with the WASPA Fraud Detection and Mitigation Best Practice Guidelines was a mandatory requirement.
 - 6.4 The MNO has a multiple opt-in process in place before a subscriber is billed for any services, which creates an extremely robust fraud prevention protocol.
 - 6.5 In responding to the formal complaint lodged against it, the Member was under the impression that a solution was required and not a formal response. The Member had requested WASPA to provide a recommendation of a solution.
 - 6.6 It strives to treat its customers fairly and at all times ensured that the customers were either refunded or unsubscribed to services when requested.

- 6.7 As a first timer, it humbly requested that any fine be nullified as it had not been convicted of fraud and its anti-fraud systems had been implemented recently. If a fine is imposed, it would have to shut its doors and close business.
-

Sections of the Code considered

7. The complainant cited clause 4.11(a) of the WASPA Code of Conduct as the basis for their complaint.

8. Clause 4.11(a) states:

Members must take reasonable steps to prevent their networks and systems from being used in a fraudulent manner, including:

(a) complying with WASPA's published best practices for fraud prevention;

9. The best practices referred to in clause 4.11(a) are contained in section 2.3 of WASPA's Fraud Detection and Mitigation Best Practice Guidelines (version 2.1).

10. No further clauses were assigned by WASPA.
-

Decision

11. I have reviewed the test results provided by the Complainant and it is evident that the Member has failed to implement any of the measures set out in section 2.3 of WASPA's Fraud Detection and Mitigation Best Practice Guidelines.

12. The Member has admitted that it failed to do so.

13. The Member has therefore contravened clause 4.11(a) of the WASPA Code of Conduct, and the complaint is accordingly upheld.
-

Sanction

14. Effective fraud prevention and mitigation is clearly in the best interests of all stakeholders in the industry. Clickjacking and similar attacks pose particular concerns for members and consumers alike in the context of subscription services, where consumers continue to be subscribed to such services without their knowledge or express assent.
15. The measures prescribed in section 2.3 of the Fraud Detection and Mitigation Best Practice Guidelines are relatively easy to script and inexpensive to implement.
16. The Member failed to implement any of the required measures and its failure must be viewed in a serious light and an appropriate sanction must take into account the serious threat that fraud poses to the industry as a whole.
17. I have taken into account the submissions made by the Member and want to comment further as follows:
- 17.1 On becoming a member of WASPA, the Member undertook to comply with the provisions of the WASPA Code of Conduct. The provisions of clause 4.11(a) of the Code, and the requirements of the Fraud Detection and Mitigation Best Practice Guidelines, which are incorporated by reference into clause 4.11(a), are therefore mandatory.
- 17.2 The measures set out in section 2.3 of the Fraud Detection and Mitigation Best Practice Guidelines must be implemented by WASPA members regardless of any measures, protocols, or opt-in processes required or implemented by the Mobile Network Operators.

- 17.3 The absence of any cases of actual fraud occurring does not detract from the potential widespread harm that could be caused to consumers, and the industry as a whole, if the required measures are not implemented.
18. I am satisfied that none of the factors raised by the Member detract from the seriousness of the Member's breach.
19. However due notice has been taken that no prior complaints have been lodged against the Member.
20. Based on the foregoing, the Member is fined an amount of R100 000.00 for the contravention of clause 4.11(a), of which R50 000.00 is payable immediately and R50 000 is suspended for 6 (six) months. Should the Member's systems be tested again and found to be non-compliant within this period, the suspended fine will become payable immediately on demand.