

Online Fundraising - Advice and Guidance for the Public

Introduction

Online fundraising platforms have become a vital fundraising stream for charities and individuals who want to raise money quickly and easily with minimal outlay. These platforms enable fundraisers to make an emotional connection with donors through a real-world story and regular updates, and can provide donors with an immediate sense of impact.

In order for you to feel confident about donating through an online fundraising platform, they should be registered with the Fundraising Regulator. This shows that they have made a commitment to responsible fundraising, and to adhere to the best practice and legal rules outlined in the [Code of Fundraising Practice](#) to ensure that you are treated fairly and are able to make an informed decision about fundraising or donating online. You can tell if an online fundraising platform is registered when you see the 'Registered With' logo.



This guidance has been designed to highlight the key things you need to know about online fundraising platforms whether you are setting up an appeal of your own, or donating to an existing one. There are also some particular considerations for those setting up fundraising pages in times of emergency.

1. [I want to set up a fundraising page](#)
2. [I want to set up an appeal for an emergency or disaster event](#)
3. [I am a donor](#)

Setting up a crowdfunding appeal - advice for fundraisers

Online fundraising platforms are a popular and easy way for members of the public to appeal for donations for a registered charity or a personal cause. Creating a fundraising page on a host website can give your appeal exposure to a national or international audience and enable a rapid response, all at the click of a button.

Particularly in a disaster or other humanitarian crisis, the public's natural response is to do everything it can to help as quickly as possible. There are lots of ways of helping. This could be by giving money, goods or time to specialist disaster charities, or by setting up your own appeal.

However, it's vital that you set up your appeal with clear aims and are as transparent as possible about what you plan to do with the donations from the outset on the fundraising page. This is because an appeal can attract generous public support, matched by high expectations of achieving quick results.

Here are the key issues you need to think about if you decide that the best way you can help is by setting up your own appeal. The considerations below relate specifically to an appeal where the money comes to your own bank account before being passed to a charity or personal cause. Many of the considerations can, however, also be applied when setting up a page directly linked to a charity.

Consideration 1: Are you raising money on behalf or in aid of a registered charity, or for a personal cause?

If you are raising money for a registered charity but wish them to use it for a specific purpose, you should let them know and check that they are happy to use the funds for the proposed purpose. Charities must use funds raised according to the charitable objects for which they were established. How the money is spent to meet these objects is ultimately a decision for the charity's trustees.

If you are raising money for a personal cause, such as the renovation of a local community centre, you will need to be clear with donors as to how you will demonstrate that all of the money has reached the intended destination.

In certain circumstances you might inadvertently be setting up a charitable fund for a particular purpose when you open an online fundraising page. If you are concerned about whether this applies to you, please seek the advice of the online fundraising platform or refer to Charity Commission guidance.

Consideration 2: What is the purpose of your appeal? (What will the money be used for?)

Prior to donations being taken, you will need to make it clear on your fundraising page who the beneficiary or beneficiaries of the funds raised will be. This may be a specific project/campaign that a charity is running (restricted funds), money for a



charity to use wherever the need is greatest (unrestricted funds), or for the benefit of a named individual.

It will also be necessary to inform donors in advance of how the excess will be used if you raise more than your target amount (see also consideration 4 below on setting targets). If you are raising money for a specific individual's medical treatment, for example, make sure donors know what money over and above the cost of the treatment will be used for. In this example, you may choose to refund excess money or donate it to a related charity.

If you are raising money for more than one cause, you will need to be clear on how money will be split between them.

Consideration 3: Who is organising the appeal?

If you are running an event as part of your appeal, be clear with donors who is organising this. This may be you on your own, with a group of friends, or in collaboration with the benefiting charity. Be clear about who has overall responsibility for the appeal, and any third parties involved.

It is also important that donors know about any expenses that may be incurred as a part of the appeal. If any money will be taken out of the funds to pay for expenses related to organisation, such as accommodation, travel or paying third parties (for example, an events management company), make sure that people are aware before they donate.

Consideration 4: What targets or goals have you set for the campaign?

Many online fundraising platforms allow you to set a time limit or financial target for your campaign. There are differing policies on this so it is important that you are clear on what happens if this target is not met. It is also important that you ensure that donors are aware of what will happen if you do not achieve your target.

In some cases this may mean that the funds are refunded, however, in other cases the fundraiser may be able to either use the funds that have already been raised for their intended purpose so far as is practicable, or repurpose the funds to a related project.

It is also important that donors know what will happen if the appeal becomes overfunded and how excess funds will be used (see **Consideration 2**).

Consideration 5: How can people donate?

Online fundraising platforms offer a variety of payment methods, and you may also offer other options as a part of your campaign. It is important that prospective donors know how they can donate money towards your appeal so that they can use the most effective method for them.



Aside from the different payment methods on the online fundraising platform, make sure that donors are aware of any events, such as galas, pub quizzes or fun runs that you may be doing alongside the online campaign, or any cash collections taking place so that they know about the different ways they can donate.

Consideration 6: What deductions will be made from donations?

Most online fundraising platforms charge a fee on donations to cover their costs. While they should be clear with donors about these costs, you also have a responsibility to let people know how much of the money they donate will reach the intended recipient(s).

You should also be clear with donors about any other costs that will come out of their contribution. This could include travel, accommodation or subsistence costs, or fees to cover expenses related to fundraising events related to the campaign.

If you start to use funds prior to the end of the campaign, be clear with donors as to what has been spent, what the money was used for, and where possible, provide updates on the progress of the project or beneficiary receiving the funds.

Consideration 7: What will you do with the money if the original purpose can't be achieved?

Sometimes it may not be possible to use the money you have raised for the purpose you originally intended. For example, if you are raising money towards the medical treatment of an individual, they may no longer require this treatment by the time the campaign ends.

If there is a possibility that your campaign's original purpose will not be achievable, make sure that you have a contingency plan which is clear to donors before donations are processed, for example, repurposing the funds by donating them to a related charity.

This is important because in the event of a failed appeal where no provision has been made for the repurposing of funds, you may be required to ensure that you comply with Charity Commission regulations relating to the refunding or repurposing of donations. Further information can be found in the [Code of Fundraising Practice](#).

Consideration 8: How you will distribute it to beneficiaries?

When you are not fundraising directly for a registered charity, it is your responsibility to explain to your supporters how you will ensure that the money will get to the beneficiary. You will need to ensure that all funds can be accounted for and evidence that they have been used for the intended purpose should this be queried in future.

If you are fundraising for an individual that you know, it is likely that you will be able to evidence this relatively easily. If you are fundraising for a significant event, such



as relief following a natural disaster, however, you will need to seriously consider how you will make sure that funds get to the intended recipients. If you are in any doubt about this, consider raising the funds directly for a registered charity with the infrastructure to disseminate the funds where they are needed. Further information regarding the administration of funds can be found below.

Code of Fundraising Practice

Along with the considerations above, you will also need to ensure that your fundraising is compliant with the [Code of Fundraising Practice](#). The sections of the Code that may be relevant to you are:

- [Key Principles and Behaviours](#)
- [Personal Information and Fundraising](#)
- [Content of Fundraising Communications](#)
- [Digital Media](#)
- [Handling of Donations](#)

[Back to top](#)



Specific Considerations on Administering Funds in times of Emergency

If you are setting up a campaign for an emergency or disaster appeal, you should also read the [guidance for fundraisers](#).

Disaster appeals often raise significant amounts of money in a short time frame, and depending on the type of appeal that you've set up, we recommend the following 2 options when deciding what to do with the funds raised:

1. Donating to or working with a registered charity
 - One way of getting the funds you've raised to those that need them is to work with a registered charity that is already involved in the disaster response, or that is experienced in this type of work.
 - You should approach the charity at an early stage to check that it is able (and willing) to receive the money you raise and to manage it as a restricted fund, which means that the charity can only use the funds for the specific purpose of the appeal.
 - If you are passing funds to another charity or organisation, it is important to make sure that your donors know the details so that they can follow the progress of the relief effort and see how their funds have been used. This should be communicated up front on the appeal page before you begin raising funds.
2. Creating a new charity

As previously stated, you should take care to ensure that you are not inadvertently creating a charitable trust where it is not in your interests to do so. See above [Advice for Fundraisers](#) for further information.

In a small number of cases, however, it may be necessary to create a new charity in order to administer funds appropriately and effectively.

Starting a new charity comes with specific duties and legal responsibilities, so starting a new charity needs careful thought and proper advice beforehand. [Advice on starting a charity](#) and [things to consider](#) – such as ensuring that an appropriate legal structure is put in place – is available on the Charity Commission for England and Wales website:

- Charity appeals can be set up and registered very quickly. For example, we saw this happen after the recent terrorist incidents in London and Manchester.
- There are tax benefits to being a registered charity, and even if you don't register as a charity, you will still carry the responsibility for meeting donors' expectations to achieve the results you promised.
- Charities must have [charitable purposes that benefit the general public](#) or a sufficient section of the public.



- There can be advantages to an appeal not being a charity – it can be set up immediately because there are fewer regulations and has less official oversight – but as the organiser you will be responsible for showing that the funds have been properly managed and used in line with the terms of your appeal.

There are of course other ways of distributing funds that have been raised in crowdfunding appeals, such as giving funds directly to an individual that they were raised for, which would normally not legally constitute charitable funds. If you're unsure about the best way to do this, then you can seek advice from the specific crowdfunding site you are looking to use, however, the guidance on communicating the terms of the appeal earlier in this document still represent best practice in this scenario.

[Back to top](#)



Online Fundraising Platforms – Guidance for Donors

Online fundraising platforms differ in many ways, such as the types of fundraising that they facilitate, how they are set up as companies, and how they are administered. It is important for you as a donor to be fully informed when you are making a charitable donation, and you should feel reassured that the cause you are donating to is legitimate.

Below are some key points to be aware of so that you can ensure that the money you give goes to a legitimate cause, and that it gets used for the purpose that you are told it will be used for.

N.B. While the term ‘crowdfunding’ can also apply to the practice of raising start up or investment money for a commercial company, for the purpose of this guidance, crowdfunding refers to the raising of funds by an individual, a group of individuals, or a commercial organisation for charitable purposes, but not linked directly to a charity’s own bank account.

1. Types of Online Fundraising

As a donor you should be aware of where your money is going. Depending on the type of campaign, this will not always go directly to a charity’s bank account. The main types of online fundraising are as follows:

- Charity campaign – money from this type of appeal goes directly to a registered charity’s bank account.
- Personal campaign for a charitable organisation – Money from this type of appeal usually goes to an individual’s private bank account before being passed to the charity.
- Personal crowdfunding – In this case, money will go directly to an individual’s personal bank account.

These are all legitimate methods of raising funds online, however, it is important to be aware of the different types as some are more difficult to verify than others. While the online fundraising platforms do make every effort to ensure that crowdfunding campaigns are legitimate, the onus is still on you as the donor to be aware when you give money and to consider who it is you are supporting.

2. Presentation

Usually, a crowdfunding page will include: a description of the campaign and who/how it will help; detail on what the funding will be used for and how it will be distributed; photographs and/or videos to support the campaign; and regular updates from the person(s) who are running the campaign.

Where a campaign is being carried out for the benefit of an individual rather than a registered charity, a detailed description and regular updates regarding the use of the funds received so far, or the progress of the beneficiary, can provide reassurance in determining whether the cause is legitimate.



3. Verification

Online fundraising platforms have a variety of measures that they use to ensure that a cause is legitimate, and offer some level of verification of those setting up a campaign. Nevertheless, it is recommended that you carry out all possible due diligence checks on any personal crowdfunding campaigns you intend to donate to. In doing so, some of the key things to consider are:

- Whether you know the person carrying out the fundraising or the beneficiary either directly or through friends.
- Whether there is any activity on the fundraising page so far, such as initial donations, comments from donors, or updates from the fundraiser.
- Whether the person has a track record of carrying out fundraising campaigns that you can verify.
- Whether there has been any coverage of the campaign in the media.

You should also consider what the platform's policy is if fraudulent activity is found – be aware that you may not always be entitled to a refund.

If you have any concerns about whether a campaign is genuine, you should report this to the online fundraising platform directly through their complaints process.

4. Targets and Goals

Many online fundraising platforms ask fundraisers to set a target as a time limit, and/or as a minimum required level of funds for their campaign.

Where this is the case, the fundraising page should state what will happen if that target is not achieved, and what will happen to any additional money raised over and above the target.

Fundraisers adopt various approaches to how they deal with donations when targets are not met, including refunding donations, inviting donors to allocate their donation to a different project, or using the donations that have been collected for the intended purpose despite not hitting the target.

5. Charges and Fees

All online fundraising platforms have running and developmental costs, and there are a variety of business models within the sector that platforms use to cover these.

Online fundraising platforms typically charge fees against the donations they receive. Some will also charge an initial setup fee, or annual/monthly subscription to charities signed up to it. Along with the platform's own charges, there are also often payment processing fees which can sometimes differ depending on the payment method used.

The online fundraising platforms all have their own rates and ways of working out what is charged. It should be clear to you from their website what charges there are and how much of your donation will make it to the charity. Some common differences to be aware of are:



- Whether the platform charges any fees at all.
- Whether fees are taken before or after Gift Aid has been applied.
- What charges there are for using different payment methods (for example, credit card, debit card, PayPal).
- If there is any additional cost to charities signed up to the platform, such as a monthly/yearly subscription or a one-off setup fee.

Summary

The Fundraising Regulator supports the good work that online fundraising platforms do in enabling the public to donate to charitable causes and quickly raise money when it is needed most.

While the vast majority of crowdfunding campaigns through online fundraising platforms are honest and legitimate, as with any other medium, questionable activities can emerge wherever there is an opportunity for individuals to benefit personally. As such, we would recommend that you carry out due diligence prior to donating, to ensure that your money goes where it is needed.

[Back to top](#)