

## Chapter 4

# Liability Explained

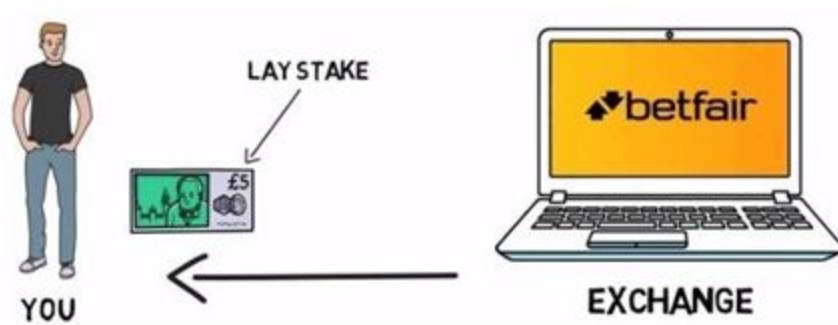
What is liability?

When placing our **lay** bet, we're essentially taking a bet from another person that something will happen. So if it happens and they win the bet, we'll have to pay them their winnings. This is our liability!

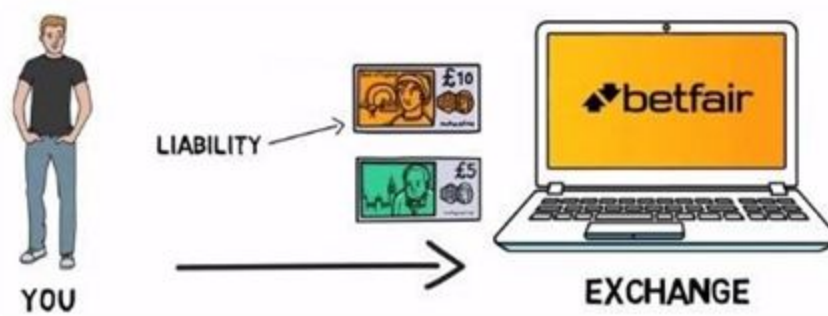
So in other words, liability is the amount we lose in the betting exchange, should our **lay** bet lose.

**Let's use the same example from the last chapter.**

So on Coral we are placing a £5 bet at odds of 3.0 on England to win. Whereas on Betfair we are TAKING a £5 bet at odds of 3.0 from an exchange user on England to win, This £5 is the **lay** stake.



As we can see above, If England don't win, then we keep the exchange user's £5.



If England win, we must return the user's £5 and pay out £10, this £10 is our liability.

	BACK BET (CORAL)	LAY BET (BETFAIR)	TOTAL
 WIN	+ £10	- £10	£0
DRAW	- £5	+ £5	£0
 WIN	- £5	+ £5	£0

So don't worry about the liability, in that if you lose your liability on Betfair, you will always win the same amount on Coral.

**Lets now use an example with higher odds.**

Let's say Norway are playing Scotland and we bet £5 on Norway to win. On Coral, we are placing a £5 bet at odds of 5.0.

We then **lay** the same amount on Norway to win at odds of 5.0 also, effectively betting against them winning.

If Norway draw or lose, we lose our £5 stake on Coral, but win our £5 **lay** stake on Betfair.



If Norway win, we make £20 profit on Coral but we lose our £20 liability on Betfair.



We can see from these examples that betting at higher odds results in higher liability, which means we need more money in our exchange before placing our bets.

So if you've not got much to start with, best to stick with lower odds so that you have the liability to place your **lay** bets! Remember...

### **Lower Odds = Lower Liability.**

The **lay** stake may not be exactly £5, it's usually between £4.80 and £5.20. This is because the odds are slightly different on the

bookmaker and the exchange and the exchange charges a small commission.

Don't worry about this, we provide an online calculator which tells you the correct **lay** stake, we'll show this in the step by step chapters.

**Phew, we made it through the theory!**

If anything doesn't make sense, have another read through and don't hesitate to ask your questions in our Facebook group or talk to us directly via live chat.

You're now ready for an example, so In the next chapter, we'll start going through an offer with the first step, finding our trigger bet.