

Policy statement

# Supporting the identification of APP scams and civil disputes

September 2024

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# 1 Introduction

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In [CP24/10 supporting the identification of APP scams and civil disputes](#) we asked for feedback on the guidance we proposed to issue to help PSPs distinguish between an Authorised Push Payment (APP) scam and civil dispute.

This document summarises the responses we received to our consultation and our view on points raised by respondents.

We have published the [final version of the guidance](#) alongside this document.

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## Background

- 1.1** In our June 2023 policy statement<sup>1</sup>, we confirmed that claims which relate to private civil disputes would not be reimbursable under the reimbursement requirement.
- 1.2** We recognise that there may be practical challenges in distinguishing between APP scams and civil disputes. To support PSPs in making this assessment, we have developed guidance following an extensive period of engagement with both industry and consumer groups.
- 1.3** We intend for this guidance to support PSPs when assessing whether there is an APP scam claim, and to minimise the risk of disputes arising between sending and receiving PSPs.
- 1.4** The guidance sets out high-level factors that PSPs should consider when determining whether a claim is a reimbursable APP scam or a civil dispute. PSPs should consider all high-level factors and the information provided by the consumer or third party when assessing a claim.
- 1.5** We have considered the feedback received in response to our consultation. We have summarised the responses and set out how these have informed the development of the guidance in the following chapter.

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1 [PS23/3: Fighting authorised push payment fraud: a new reimbursement requirement](#)

## 2 Summary of feedback

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This chapter sets out a summary of the responses we received to our consultation and our view on points raised by respondents.

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### Our proposal

- 2.1** In July 2024 we published our draft guidance on supporting the identification of APP scams and civil disputes.<sup>2</sup>
- 2.2** It set out five high-level factors that a PSP should consider when assessing whether a claim relates to a civil dispute or a reimbursable APP scam.
- 2.3** We also set out the principles for assessment PSPs should follow when considering a consumer's claim.
- 2.4** The high-level factors we suggested PSPs consider were:
- The communication and relationship between the consumer and alleged scammer
  - The trading status of the alleged scammer
  - The alleged scammer's capability to deliver any goods and services related to the claim
  - The extent to which the alleged scammer deceived the consumer as to the purpose of the payment
  - Information held by the receiving PSP(s) about the relevant account(s).
- 2.5** This document does not contain specific details of the high-level factors we consulted on. For reference that information is set out in the [draft guidance](#). We've confirmed our policy position on the high level factors in the guidance published alongside this document.
- 2.6** In the draft guidance, we set out that these high-level factors are independent of one another and do not represent an exhaustive list. A claim does not have to meet all five factors to be considered a civil dispute or reimbursable APP scam, but all factors should be taken into account when making a determination.

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2 [CP24/10 Consultation on draft guidance on supporting the identification of APP scams and civil disputes](#)

## Feedback we received

- 2.7** We received 14 responses from PSPs, industry and trade bodies, consumers and consumer groups. Most respondents welcomed the guidance and supported its development.
- 2.8** Some of the feedback received related to aspects of the policy not being consulted on here. Therefore, we will not be commenting on this feedback further in this policy statement.
- 2.9** A number of respondents expressed the view that the guidance lacked specific detail and case examples. Some PSPs also commented that the guidance was too focused on merchant disputes. One respondent requested the need for the guidance to be simplified to provide front line staff with an understanding of the process in managing and investigating claims.
- 2.10** We received feedback from some respondents that Companies House is not a verified source of information and therefore firms should not rely on information listed on Companies House.
- 2.11** Some respondents provided feedback on the definition of an APP scam referred to in the guidance, specifically critiquing use of the word 'purpose'. Respondents also provided specific comments on the drafting of the guidance and high-level factors.
- 2.12** Respondents also raised the need for the receiving PSP to provide accurate and complete information as the misidentification of an APP scam claim as a civil dispute can have an impact on the consumer. One respondent suggested the PSR should set out further guidance on how a receiving PSP should share data with a sending PSP.
- 2.13** One respondent raised the need to specify the role of PSPs versus consumers in preventing fraud, requesting that the guidance specify steps for PSPs to take to prevent fraud.

## Our view

- 2.14** We have considered the feedback received regarding Companies House being an unverified source of information. We note respondents' concerns but in some claims Companies House may still be a useful source of information. Therefore, we have amended the guidance to suggest that information on Companies House should be considered in the round and alongside other information provided to the PSP.
- 2.15** We have acknowledged respondents' feedback regarding the need to clarify that the guidance does not set any expectations on consumers. We have clarified that this guidance does not set any expectations on consumers, it is there to support firms in their assessment of whether a claim is a reimbursable APP scam or a civil dispute.
- 2.16** Respondents provided feedback that the guidance was not detailed enough and too focused on merchant disputes and requested that it be widened to include more information on peer-to-peer disputes (such as payments made on online marketplaces). We have broadened the guidance where possible to include more detail on peer-to-peer disputes.
- 2.17** We are conscious that this guidance is a public document and industry have raised concerns that having further detail such as evidence a PSP may request or case studies in the public domain could aid scammers in committing fraud. Therefore, we have added further detail where possible, but we have not included case studies or detailed information about the evidence a PSP could request when assessing if a claim is a

reimbursable APP scam or civil dispute. Pay.UK has created operational guidance for PSPs which may further support it in operationalising the reimbursement policy. We will keep the PSR guidance under review and may amend it in the future if necessary.

- 2.18** We have provided further information for PSPs in the guidance on how to apply the word 'purpose' within our APP scam definition.
- 2.19** Our June policy statement<sup>3</sup> sets clear incentives on PSPs to prevent fraud. It is for PSPs to develop their own operational processes and manage claims in accordance with those processes and in line with their business models.

### Next steps

- 2.20** We have published a copy of the final guidance alongside this policy statement.
- 2.21** We will continue to review this guidance as part of our commitment to reviewing the APP reimbursement policy going forward.

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3 [PS23/3: Fighting authorised push payment fraud: a new reimbursement requirement](#)

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