

DECISION NOTICE

To: Bank of Ireland (UK) plc (Company No: 07022885)

Address: 45 Gresham Street

London

EC2V 7EH

Date: 19 February 2026

1 Action

- 1.1** For the reasons given in this Decision Notice (Notice), for a failure to comply with the send requirements of paragraphs 3.1 of Specific Direction 17 (SD17), the Payment Systems Regulator (PSR) hereby:
- a.** imposes on Bank of Ireland (UK) plc (BOIUK) a financial penalty of **£3,779,300** pursuant to section 73 of the Financial Services (Banking Reform) Act 2013 (the Act)
 - b.** has decided to publish details of BOIUK's compliance failure, pursuant to section 72(1) of the Act
 - c.** has decided to publish details of the imposed financial penalty, pursuant to section 72(2) of the Act
- 1.2** BOIUK agreed to settle at an early stage of the enforcement decision-making process. BOIUK has therefore qualified for a 30% early settlement discount under the PSR's settlement procedures. Were it not for this discount, the PSR would have imposed a financial penalty of **£5,399,100**.

2 Summary of reasons

Overview

- 2.1** Confirmation of Payee (CoP) is an account name-checking service designed to protect customers when making payments. It aims to reduce the risk of financial loss from authorised push payment (APP) fraud and misdirected payments, and to enhance trust in digital payments.
- 2.2** The PSR has a strategic objective to ensure users are sufficiently protected when using the UK's payment systems. SD17 furthers this objective by requiring a range of payment service providers (PSPs) to implement CoP.

- 2.3** BOIUK failed to implement CoP by the required deadline, exposing customers to a greater risk of fraud and misdirected payments during the period of non-compliance. As a result, transactions made to over 1.14 million new payees were impacted and approximately £6.9 billion of transactions were sent without the CoP coverage required under SD17.
- 2.4** The PSR published SD17 on 11 October 2022 and its provisions came into force on 24 October 2022. SD17 required around 400 PSPs to implement a system to offer CoP. SD17 built on the PSR's earlier work under Specific Direction 10 (SD10) in 2019, which required the six largest banking groups to implement CoP, and aimed to achieve widespread adoption of CoP protections.
- 2.5** SD17 required two different cohorts of directed PSPs (Group 1 and Group 2) to implement and use CoP in accordance with different timescales. SD17 prioritised Group 1 PSPs based on the complexity and size of the institutions, and on the impact the PSP adopting CoP would likely have on preventing APP scams and misdirected payments. As a Group 1 PSP, BOIUK was directed to have and use a system to send and receive CoP requests by 31 October 2023.
- 2.6** BOIUK had a CoP system *to respond* in place ahead of the Group 1 deadline. This meant that BOIUK could respond to a CoP request from another PSP, when that PSP's customer set up a new payee or amended an existing payee to make a payment to a BOIUK account.
- 2.7** However, between 31 October 2023 and 7 January 2025 (the Relevant Period)¹, BOIUK failed to comply with the requirements of paragraph 3.1 of SD17 to *send* CoP requests for its customers (CoP send) in respect of its two systems (or channels) which are used by BOIUK's customers to send and receive UK domestic payments:
- Banking 365 (B365)
 - Business On Line (BOL)
- 2.8** BOIUK failed to have a system in place to send CoP requests on B365 until 10 February 2024 and on BOL until 7 January 2025. This meant BOIUK customers using B365 and BOL to make payments were not protected by a CoP system until these respective dates.
- 2.9** BOIUK achieved full CoP implementation more than 14 months after the mandated deadline. The PSR considers that BOIUK had sufficient notice of the requirement following the PSR's consultation in May 2022 and publication of SD17 in October 2022.
- 2.10** The PSR does not consider BOIUK's non-compliance during the Relevant Period to have been deliberate or reckless either in relation to the potential customer impact or in relation to BOIUK's regulatory obligations. However, it considers that BOIUK should have organised its systems and resources to ensure compliance within the prescribed timeframe and maintained contingency plans to manage the foreseeable risk of non-compliance.

BOL

- 2.11** BOIUK attributed its failure to meet the deadline for BOL to:
- BOL being a legacy platform with high complexity and slow, costly change cycles.
 - Dependencies on the BOL improvement programme, to ensure the ongoing availability of the platform and had to be complete before CoP build could begin.
 - BOIUK's typical timeframes for projects of this nature exceeding the time available to achieve compliance following publication of SD17.
- 2.12** Bank of Ireland Group plc (BOI Group) had identified in 2019 that the BOL channel required improvements to ensure the ongoing availability of the platform and to address risks which presented a potential for significant customer impact.

¹ Save for the short period of 7-26 November 2024 where CoP was briefly available on the BOL channel.

- 2.13** Initial funding for a multi-year project with several workstreams to address the required improvements in BOL was provided and work commenced in 2019. Prioritisation and funding decisions led to some key workstreams of the BOL improvement programme being paused in 2021. Meaning these workstreams were still underway in 2022-23 when design and planning activity for CoP in BOL commenced.
- 2.14** Overall, this work took more than five years from the initial risk identification in 2019.
- 2.15** The PSR considers these issues prevented BOIUK from achieving compliance with SD17. These delays were avoidable and resulted from decisions within BOIUK's control. Earlier and sustained remediation would have avoided the dependency on the BOL improvement programme.

B365

- 2.16** BOIUK attributed its failure to meet the deadline for B365 to a major Group-wide mainframe incident in August 2023 and the subsequent invocation of Service Protection Periods (SPPs) to protect service and availability for customers. The incident arose from a defect that had not been detected, which, together with other contributory factors, was fully addressed following BOIUK's post-incident review.
- 2.17** The PSR considers that more robust preventative measures would likely have prevented the incident and avoided impacting CoP delivery for B365. Before the Group-wide incident, BOIUK was on track to meet the Group 1 deadline.

Failures following publication of SD17

- 2.18** While the root causes of BOIUK's non-compliance predated SD17, its decisions and actions following the publication of the direction contributed to its failure to meet regulatory obligations within the Relevant Period.
- 2.19** BOIUK failed to sufficiently assess options to mitigate the impact of its non-compliance. It did not identify a way to accelerate the remediation of BOL, or implement CoP on an interim basis, for example by engaging a third-party provider to offer CoP send access to customers while it resolved internal dependencies. Additionally, once CoP send was live in B365 as of February 2024, it could have directed its BOL customers with access to and use of B365 to use its CoP functionality, noting that this would not have removed the risk of accidental or misdirected payments. These may have been viable options that BOIUK did not pursue to help it avoid non-compliance with SD17.
- 2.20** BOIUK also failed to notify the PSR until April 2023 that it was unlikely to meet the deadline, despite having low confidence from the outset. Paragraph 3.7 of SD17 required notification within 28 days of forming that view. BOIUK mistakenly interpreted paragraph 3.7 of SD17 as requiring notification only once it had produced a detailed explanation for the delay and a fully developed, approved project plan. As these were not available until April 2023, BOIUK did not notify the PSR until that point in time.

Seriousness

- 2.21** The PSR considers the non-compliance by BOIUK to be serious for the following reasons:
- The non-compliance had the potential to affect a large volume and value of transactions, exposing customers to increased risk of APP fraud and misdirected payments. The failings by BOIUK risked impact to transactions made to over 1.14 million new payees and resulted in approximately £6.9 billion of transactions being sent without the CoP coverage required under SD17 during the Relevant Period.
 - BOIUK continued to rely on a platform with gaps in vendor support, despite identifying its risks years before SD17 was issued.

- c. BOIUK failed to sufficiently assess proactive interim mitigants while it was unable to implement CoP send functionality.
- d. BOIUK failed to notify the PSR promptly, contrary to SD17 requirements.
- e. The PSR expects firms to maintain systems capable of implementing regulatory changes within prescribed timeframes and to manage dependencies proactively, including maintaining contingency plans.
- f. BOIUK was the last Group 1 firm to achieve compliance with SD17, leaving its customers exposed to increased fraud and misdirection risk during the Relevant Period.

Sanction

- 2.22** The PSR therefore imposes on BOIUK a financial penalty of **£3,779,300** pursuant to section 73 of the Act. It also publishes details of the compliance failure and the financial penalty payable by BOIUK in respect of its non-compliance.

3 Definitions

- 3.1** The definitions below are used in this Notice:

‘the Act’ / ‘FSBRA’ means the Financial Services (Banking Reform) Act 2013.

‘APP fraud’ means authorised push payment fraud.

‘Applicable date’ has the meaning given in paragraph 3.8 of SD17.

‘the CAT’ means the Competition Appeal Tribunal.

‘B365’ means Bank of Ireland’s Banking 365 channel.

‘BOI’ means Bank of Ireland, a subsidiary of Bank of Ireland Group plc.

‘BOIUK’ means Bank of Ireland (UK) plc, a wholly owned subsidiary of Bank of Ireland and forms part of the Bank of Ireland Group.

‘BOI Group’ means the Bank of Ireland Group plc, which is the holding company of Bank of Ireland.

‘BOL’ means Bank of Ireland’s Business On Line channel.

‘CHAPS’ means the UK’s real time, regulated payment system known as the Clearing House Automated Payment System, designated by order dated 19 March 2015, where payments are settled over the Bank of England’s Real-Time Gross Settlement (RTGS) system.

‘CMA’ means Competition and Markets Authority.

‘CoP’ means the service overseen by Pay.UK and known as Confirmation of Payee, which allows the account-holding name of the payee in a payment transaction to be checked against the details given by the payer in that transaction.

‘CoP respond’ means the process of receiving and responding to a request from a PSP to verify the account-holding name against the details provided.

‘CoP send’ means the process of sending a request to a PSP to verify the account-holding name against the details provided.

‘CRM’ means the Lending Standards Board’s Contingent Reimbursement Model code.

‘Directed PSP’ means every PSP subject to the provisions of SD17.

‘FPS’ means the regulated payment system known as Faster Payments Service, designated by order dated 19 March 2015.

‘Group 1 deadline’ means 31 October 2023; the date which Group 1 PSPs had to deliver a Confirmation of Payee system by.

‘Group 1 PSP’ means a PSP which is listed in the Schedule to SD17.

‘Group 2 PSP’ means a PSP which:

- is a participant in Faster Payments or CHAPS
- is not a Group 1 PSP
- conducts relevant business
- did not have a CoP system in regular operation on the date SD17 direction came into force, and
- is a building society, or has a unique sort code listed on the Extended Industry Sort Code Database (EISCD)

‘Group-wide incident’ means the IT incident which disrupted Bank of Ireland Group’s mainframe on 15 and 16 August 2023.

‘IBIS’ is a product platform within Bank of Ireland where a small number of business deposits accounts are stored and processed.

‘New payee’ means a payee that a directed PSP does not already hold the necessary information (the information a directed PSP needs to execute a payment from the customer’s account; it includes the name of the intended payee and the unique identifiers for the receiving account) for.

‘Participant’ has the meaning given by section 42 of FSBRA.

‘Pay.UK’ means the company limited by guarantee incorporated in England under company number 10872447; and a reference to it includes a reference to any successor body.

‘Penalty Statement’ means the PSR’s Revised Penalty Statement, dated October 2023.

‘PSR’ means the Payment Systems Regulator Limited.

‘PSP’ means payment service provider and the meaning given by section 42(5) of the Act.

‘Regulated payment system’ means a payment system designated by the Treasury under section 43 of the Act.

‘Relevant Period’ means the period from 31 October 2023 to 7 January 2025.

‘SD17’ means Specific Direction 17.

‘SPP’ means Service Protection Period, which refers to a period of time in which Bank of Ireland does not permit changes to be made to its services and platforms.

‘UK account’ means an account a payment service provider provides in the course of its business in the United Kingdom.

‘UK’ means United Kingdom.

4 Facts and matters

Specific Direction 17: Expanding Confirmation of Payee

- 4.1** CoP is an account name-checking service which allows customers making electronic payments to check that the name on a receiving account matches the account details of the intended recipient.
- 4.2** CoP aims to reduce APP fraud and accidentally misdirected payments in electronic bank transfers made over the Faster Payments Scheme (FPS) and Clearing House Automated Payment System (CHAPS). This provides greater assurance that payments are being sent, and collected from, the intended account holder for UK domestic payments.
- 4.3** The PSR issued SD17 under section 54(3)(c) of the Act. SD17 was published on 11 October 2022, and its provisions came into force on 24 October 2022. The benefits of implementing CoP mean that SD17 is a pivotal PSR regulatory direction in the PSR's efforts to prevent fraud and misdirected payments.
- 4.4** SD17 builds on the PSR's earlier work under SD10, issued in 2019, which required the six largest banking groups to implement CoP. SD10 was the first step in introducing CoP protections, and SD17 extended these requirements to a broader set of PSPs to achieve widespread adoption of CoP.
- 4.5** SD17 requires directed PSPs to implement a system to offer the CoP name checking service to its customers (both as payers and payees).
- 4.6** This direction applies to specified persons (Group 1 PSPs) and persons of a specified description (Group 2 PSPs). Group 1 PSPs are those named within the Schedule to SD17. Group 2 PSPs are those that meet the description of a Group 2 PSP as defined in paragraph 9.9 of SD17.
- 4.7** Paragraph 3.1 of SD17 requires a directed PSP to have and use a system to send CoP requests for its customers and respond to CoP requests made to it, after the applicable date.
- 4.8** Paragraph 3.7 of SD17 requires directed PSPs to notify the PSR if it considers that it is unlikely to be able to put a CoP system in place in time to meet its obligations, within 28 days of coming to that view.
- 4.9** Paragraph 3.8 of SD17 explains that the applicable date for Group 1 PSPs is 31 October 2023 and the applicable date for Group 2 PSPs is 31 October 2024.
- 4.10** Paragraph 5.1 of SD17 makes provision for the PSR to exempt a directed PSP from its obligation to comply with the requirements of SD17 or to impose a different date.

The PSR's approach to adopting CoP in UK payments

Background

- 4.11** In May 2022, the PSR published a consultation (CP22/2) on its plan to direct 400 PSPs to implement a system to offer CoP to their customers (both as payers and payees).
- 4.12** The consultation paper proposed a staggered implementation of PSPs adopting CoP because of the large number of PSPs involved as well as industry and vendor capacity. This put PSPs into two groups for implementation:
 - **Group 1:** Prioritised PSPs based on their participation with Faster Payments and CHAPS, the volume of transactions they undertake, if they are large in Northern Ireland, or where the PSR's analysis indicates that they are vulnerable to receipts of fraud. These PSPs

were required to implement a system to enable send and respond capability by 30 June 2023.

- **Group 2:** All other PSPs listed on the Extended Industry Sort Code Database, which do not offer CoP already and are not directed under Group 1, or if they are a building society. These PSPs were required to implement a system to enable send and respond capability by 30 June 2024.

4.13 Following the consultation, the PSR issued its policy statement response to the consultation (PS22/3) and published SD17 on 11 October 2022. The dates for implementation of CoP were amended to 31 October 2023 for Group 1 PSPs and 31 October 2024 for Group 2 PSPs.

Bank of Ireland (UK) Plc

Background

4.14 BOIUK is a wholly owned UK subsidiary of Bank of Ireland (BOI) and forms part of the BOI Group. It provides, amongst other things, banking services for both personal and business customers.

4.15 As a bank operating in Northern Ireland, BOIUK was a designated Group 1 PSP under SD17. This required BOIUK to have and use a CoP system with send and respond capability after 31 October 2023.

4.16 BOIUK operates two banking channels for UK domestic payments in scope for CoP:

- B365: the primary digital channel used by personal customers and smaller businesses.
- BOL: a business-focussed channel targeted at larger, more complex businesses.

4.17 Both channels are used across the BOI Group. Decisions on funding for projects relating to these channels are made by BOI Group with input from, and consideration of, BOIUK.

4.18 As of October 2024, B365 had around 185,000 users; BOL had around 9,000.

BOIUK's initial CoP programme

4.19 Before the PSR consultation, BOIUK worked towards subscribing voluntarily to the Lending Standard Board's Contingent Reimbursement Model (CRM). The CRM Code set out consumer protection standards to reduce APP scams, which included implementing CoP in a way that a customer can understand and respond to.

4.20 BOIUK launched a CRM programme in June 2019 and a CoP programme in January 2021.

4.21 BOIUK prioritised CoP respond for all customers and CoP send implementation on B365 due to its broader customer base. CoP send for BOL was considered but was deprioritised at this time.

4.22 BOIUK launched CoP respond functionality across all channels in October 2022, a year ahead of the October 2023 compliance deadline.

BOIUK's extension and exemption request

4.23 On 27 April 2023, BOIUK informed the PSR that it could not meet the Group 1 deadline for CoP send on BOL but expected to deliver B365 on time.

4.24 Further, BOIUK indicated its intention to seek:

- an extension for CoP send on BOL, with delivery expected by Q4 2024 (subject to confirmation)
- an exemption for CoP respond on IBIS accounts (a product platform where a small number of business deposits accounts are stored and processed).

4.25 In this notification, BOIUK explained that CoP send for BOL had dependencies on the BOL improvement programme, affecting its ability to comply with SD17. The PSR notes:

- BOIUK commenced the assessment of what was needed to comply with SD17 in June 2022, before SD17 was published in October 2022. This assessment and the development and approval of a delivery plan took nine months before BOIUK requested an extension in April 2023.
- BOIUK decided not to implement CoP send for BOL until new BOL infrastructure was built. It said this was to ensure the channel remained performant and available, and to reduce potential customer impacts from risks with the BOL platform becoming unavailable. This decision delayed implementation, even though other options were available.
- As of April 2023, the relevant workstream of the BOL improvement programme was in progress but the implementation plan had not been fully finalised. BOIUK therefore relied on a programme with uncertain timelines.

4.26 BOIUK's request for an extension to comply with SD17 was complete on 27 July 2023 when it shared with us its high-level plan to achieve compliance, including its expected CoP delivery timeline.

4.27 Prior to the SD17 deadline, the PSR granted the IBIS exemption but denied the BOL extension request. The PSR communicated this decision verbally to BOIUK on 9 October 2023 and in writing on 24 October 2023. BOIUK acknowledged receipt on 25 October 2023. On 13 November 2023, BOIUK confirmed in writing that it accepted the PSR's decision not to grant an extension and that it would provide a monthly update setting out its progress in implementing CoP send in BOL.

4.28 The PSR decided not to grant this extension on the basis that it considered BOIUK had received sufficient notice and that delaying CoP send on BOL posed risks of misdirected payments. Accordingly, BOIUK had been required to implement CoP send functionality across both its BOL and B365 channels by the Group 1 deadline.

Business On Line platform

Overview

4.29 BOL is BOIUK's business-focused channel, used across BOI Group. The channel is targeted at larger, more complex businesses. It supports multi-user access, higher payment limits, CHAPS and bulk payments.

4.30 BOL is a legacy platform comprising multiple components from different vendors. Its complexity makes changes costly and slow.

4.31 Prior to the Relevant Period, a programme to enhance and ensure resilience of the platform commenced, including for components that were out of vendor support or due to become out of support, addressing risks which presented potential for significant customer impact.

BOL improvement programme

4.32 BOI Group initiated an improvement programme in 2019 to address the issues identified. Part of this programme related to software upgrades to support the platform, meaning regulatory change could be safely delivered. Work done in May 2019 as part of this also identified CoP for BOL as an emerging future regulatory requirement, when the issues with BOL were already known.

- 4.33** Although discovery and planning work on BOL improvement programme was completed by November 2020, prioritisation and funding decisions were made to focus on elements of the BOL activity which would have a greater impact on protecting customer outcomes leading to other workstreams being paused in January 2021.
- 4.34** In February 2022 work restarted on the remaining workstreams of the BOL improvement programme. The workstream was fully remobilised in June 2022 and a further seven months were spent reworking the discovery phase to set out the solution, timeframe and projected costs, with completion in February 2023. By February 2023 however, SD17 had already been published, was in force from 24 October 2022 and the regulatory deadline of 31 October 2023 was eight months away.
- 4.35** This delay meant BOIUK's CoP send for BOL programme became dependent on the progress of the BOL improvement programme. BOIUK stated that it had to be designed and built on the enhanced BOL architecture and required access to the same development and testing environments. Attempting to build, test or deploy CoP send in parallel would have introduced material risks to delivery and platform stability.
- 4.36** BOIUK considered alternatives, including combining CoP send with the BOL improvement programme or pausing it to prioritise CoP. It concluded that neither approach was optimal in protecting customer outcomes; combining the programmes could have increased risk to customers using the BOL platform, while prioritising CoP would have resulted in duplicated effort once the new architecture went live and inherent additional costs. The PSR notes these assessments and BOIUK's decision, which it accepts was not made with deliberate or reckless disregard for the potential impact on customers or of its regulatory obligations. However, the PSR considers that there were options available to BOIUK which could have positively impacted its compliance timeline, and that earlier and sustained progress on the BOL improvement programme could have avoided this dependency.
- 4.37** Ultimately, BOIUK proceeded with a decision that was dependent on the progress of the BOL improvement programme, despite the fact that it would result in a period of non-compliance and increased risk of fraud against customers.

CoP send for BOL implementation

- 4.38** In June 2022, BOIUK was not confident it could achieve compliance with SD17 in respect of CoP send for BOL within a 12-month period. This position remained unchanged following the publication of SD17 in October 2022. However, BOIUK did not notify the PSR that it considered itself unlikely to meet its obligations under SD17 until April 2023, over six months after publication. This was despite internal discussions about engaging with the PSR on timescales taking place as early as June 2022. Paragraph 3.7 of SD17 required notification within 28 days of forming that view.
- 4.39** BOIUK mistakenly interpreted paragraph 3.7 of SD17 as requiring notification only once it had produced a detailed explanation for the delay and a fully developed, approved project plan. As these were not available until April 2023, BOIUK did not notify the PSR until that point in time. In fact, BOIUK was required to notify the PSR that it was unlikely to achieve compliance with SD17 within 28 days of coming to that view. BOIUK should have included the reasons for its view and the steps it was taking to meet the obligation in SD17 at that time, regardless of whether those steps fell short of a fully worked up and approved plan, or if it had an imperfect understanding of why it was unlikely to meet the deadline to comply with SD17.

- 4.40** On 27 April 2023, BOIUK notified the PSR that it would be unable to meet the Group 1 deadline of 31 October 2023 for CoP send for BOL and sought an extension. It explained that it needed to prioritise the BOL improvement programme ahead of CoP send to protect the availability and performance of the BOL channel. It also noted that the BOL improvement programme did not yet have a fully finalised delivery plan. As set out in paragraph 4.28, the PSR declined the extension request by verbally communicating this decision to BOIUK on 9 October 2023 (and in writing on 24 October 2023) on the basis that it considered BOIUK had received sufficient notice and that delaying CoP send on BOL posed risks of misdirected payments. BOIUK continued to provide regular progress updates to the PSR thereafter.
- 4.41** The PSR notes that BOIUK's decision to prioritise the relevant workstreams of the BOL improvement programme ahead of CoP send for BOL had a material impact on the timeframe for implementing CoP send for BOL.
- 4.42** BOIUK initially deployed CoP send for BOL on 7 November 2024, over 12 months after the Group 1 deadline. However, on 26 November 2024, an IT incident with BOL required BOIUK to use previous servers to restore service. This removed CoP send functionality and meant BOIUK was non-compliant, as the previous servers could not host CoP. Following remediation, CoP send for BOL was reinstated on 7 January 2025.
- 4.43** The PSR considers that long-standing BOL improvement programme work, and the time taken to undertake this activity prior to the PSR publication of SD17 in October 2022, contributed to preventing BOIUK achieving full compliance with the requirement to have and use a system to send CoP requests by the Group 1 deadline. The PSR considers that these issues were foreseeable and known well before SD17 was published.
- 4.44** The PSR considers that BOIUK should have maintained systems and infrastructure capable of implementing regulatory changes within prescribed timeframes and should have organised its affairs to ensure compliance with foreseeable regulatory requirements. SD17 was consulted on in May 2022 and published in October 2022, providing ample notice of the obligation to implement CoP by 31 October 2023.
- 4.45** BOIUK did not sufficiently assess steps to mitigate these risks. It could have accelerated its BOL improvement programme earlier, sought to implement CoP on an interim basis, or engaged a third-party provider to offer CoP send access to customers while internal dependencies were resolved. Additionally, once CoP send was live in B365 as of February 2024, it could have directed its BOL customers with access to and use of B365 to use its CoP functionality, noting that this would not have prevented accidental or misdirected payments. However, BOIUK did not pursue these options to help avoid non-compliance of SD17.
- 4.46** The need for a decision to prioritise the delivery of the BOL improvement programme over delivery of CoP send in BOL was avoidable. The PSR expects firms to manage such dependencies proactively and to maintain contingency plans to enable compliance with any emerging regulatory requirements.
- 4.47** As a result, customers making payments via BOL were not protected by CoP send between 31 October 2023 and 7 January 2025, save for the short period in November 2024 when CoP was briefly live before rollback. This exposed those customers to an increased risk of APP fraud and misdirected payments.

- 4.48** The PSR acknowledges that BOIUK implemented reimbursement arrangements during the period of non-compliance. These included reimbursing APP fraud victims under the eligibility criteria of the CRM Code between April 2023 and 6 October 2024, and under the PSR's Specific Directions 20 and 21 (APP scams reimbursement) thereafter.² However, these arrangements did not provide the preventative protections that CoP is designed to afford at the point of payment initiation. Further, BOL customers were unlikely to benefit from these measures, as the criteria for the CRM Code and Specific Directions 20 and 21 do not apply to business customers, except in limited cases (e.g. micro-enterprises and charities).
- 4.49** The PSR concludes that BOIUK's failure to implement CoP send on BOL by 31 October 2023 resulted from historic resilience and capability weaknesses, and that BOIUK failed to sufficiently assess proactive mitigating steps, rather than factors outside BOIUK's control. Although BOIUK utilises Group-level systems such as BOL, the PSR considers that BOIUK remains responsible for ensuring those systems are adequate to meet its specific UK regulatory obligations.

B365 platform

Overview

- 4.50** B365 is BOIUK's primary digital channel, used across BOI Group by personal customers and smaller businesses. B365 is available as a desktop / browser channel, as well as a mobile banking application.
- 4.51** In the UK there are approximately 185,000 total and 144,000 active users.

BOIUK's CoP Send for B365 programme

- 4.52** BOIUK implemented CoP respond across all channels in October 2022, a year in advance of the compliance deadline, and planned to deliver CoP send for B365 by the Group 1 deadline of 31 October 2023. By mid-2023, design and build phases were complete, and testing was underway.
- 4.53** In August 2023, a Group-wide mainframe incident impacted a number of the bank's services and triggered an extended change freeze under a service protection period (SPP) to protect service for customers. The incident arose from a defect that had not been detected, which, together with other contributory factors, was fully addressed following BOIUK's post-incident review. The freeze delayed BOIUK's release schedule, including the deployment of CoP send for B365.
- 4.54** BOIUK initially targeted a revised go-live date of November 2023 but was unable to deploy safely due to the extended change freeze during the SPP and subsequent scheduling constraints.
- 4.55** CoP send for B365 went live on 10 February 2024, more than three months after the Group 1 deadline. The PSR considers that, had the mainframe incident not occurred, BOIUK would likely have met the deadline for B365.
- 4.56** The PSR considers that more robust preventative measures would likely have prevented the incident and avoided impacting CoP delivery for B365.
- 4.57** During the Relevant Period, customers using B365 to make payments were not protected by CoP send, exposing them to increased risk of APP fraud and misdirected payments. In the absence of CoP, BOIUK operated a reimbursement process which followed the eligibility criteria of the CRM Code, but this did not provide the preventative protections CoP is designed to deliver.

² Following the re-introduction of CoP, BOIUK undertook a review of APP fraud cases from 26 November 2024 to 7 January 2025 to identify any not covered by the reimbursement rules. This review did not include reimbursement for accidental or misdirected payments.

- 4.58** The PSR expects firms to maintain systems capable of implementing regulatory changes within prescribed timeframes. The delay in implementing CoP send for B365 demonstrates that BOIUK should improve its prioritisation and ability to implement change within prescribed timeframes.
- 4.59** Accordingly, the PSR concludes that BOIUK's failure to meet the Group 1 deadline for B365 was avoidable.

BOIUK's non-compliance with SD17

- 4.60** The PSR considers that BOIUK's non-compliance with the CoP send requirements of SD17 is serious. BOIUK did not achieve full compliance with SD17 until 7 January 2025, more than 14 months after the mandated deadline:
- BOL – CoP send requirement in paragraph 3.1 of SD17 met on 7 January 2025, more than 14 months after the Group 1 deadline.
 - B365 – CoP send requirement in paragraph 3.1 of SD17 met on 10 February 2024, more than three months after the Group 1 deadline.
- 4.61** BOIUK customers using B365 and BOL to make payments to other PSPs were not protected by CoP until these respective dates.
- 4.62** This impacted transactions made to over 1.14 million BOIUK new payees and transactions totalling approximately £6.9 billion not covered by CoP send during the Relevant Period.
- 4.63** The PSR considers BOIUK's delay in implementing CoP send for BOL to be more serious than for B365, due the extended delay and the nature of the underlying causes.
- 4.64** BOIUK was the last Group 1 PSP to achieve full compliance with SD17, primarily due to the delay in implementing CoP on BOL.
- 4.65** BOIUK invested approximately £7.5 million on implementing CoP across B365 and BOL.
- 4.66** BOI Group's IT resilience and capability limitations directly impacted BOIUK's ability to comply with the Group 1 deadline.
- 4.67** The primary causes were:
- For B365, the PSR considers that if BOI had identified and mitigated the source of the Group-wide incident before it happened, it may have been avoided. BOIUK was otherwise on track to meet the deadline.
 - For BOL, the PSR considers that BOI identified the issues impacting BOL as early as February 2019. Delays in funding, progressing and prioritising the BOL improvement programme prevented compliance. These were avoidable and within BOIUK's control.
- 4.68** BOIUK acknowledged that the need to invest in the system hindered its ability to meet the Group 1 deadline.
- 4.69** BOIUK stated it has since invested in its systems to prevent similar issues.
- 4.70** The PSR expects systems to be sufficiently robust to implement regulatory changes within prescribed timeframes. BOIUK should have recognised that the need for the BOL improvement programme could lead to non-compliance with future regulatory requirements. SD17 was consulted on in May 2022 and published in October 2022, providing sufficient notice of the obligation to implement CoP by 31 October 2023.
- 4.71** The PSR considers that BOIUK should not have allowed components of a key customer channel to go out of support. Once it had identified these, the BOL improvement programme should have progressed without delay. Yet, when BOIUK submitted its request for an extension for CoP send for BOL in April 2023, nearly six months after the mandated deadline, the plan for the relevant workstream of the BOL improvement programme had still not been fully finalised.

- 4.72** BOIUK acknowledged that earlier completion of BOL improvement programme would have enabled timely CoP delivery.
- 4.73** The PSR recognises that BOIUK's failure to comply with SD17 was due to wider resilience and capability issues.

BOIUK's actions following publication of SD17

- 4.74** Following the publication of SD17, BOIUK failed to sufficiently assess steps to mitigate the impact of its non-compliance. It did not identify a way to accelerate the remediation of the BOL improvement programme, or implement CoP on an interim basis, for example by engaging a third-party provider to offer CoP send access to customers while resolving internal dependencies. BOIUK could also have directed its BOL customers with access and use of B365 to use its CoP functionality, once this was live as of February 2024, noting that this would not have prevented accidental or misdirected payments. These may have been viable options, but BOIUK did not pursue them to help avoid non-compliance with SD17.
- 4.75** In addition, BOIUK was not confident it would meet the BOL deadline from the outset but did not notify the PSR until April 2023, over six months after SD17 was published, contrary to paragraph 3.7 of the direction. This was due to BOIUK's mistaken interpretation of paragraph 3.7.
- 4.76** During the period of non-compliance following the publication of SD17, BOIUK implemented a fraud reimbursement process. It reimbursed APP fraud victims under the eligibility criteria of the CRM Code between April 2023 and 6 October 2024 and under the PSR's Specific Direction 20 and 21 (APP scams reimbursement) onwards. However, these protections did not generally extend to BOIUK's business customers, except in limited cases (micro-enterprises and charities).
- 4.77** BOIUK also operated a payment recalls process for accidental or misdirected payments, on a best-efforts basis without guaranteed timeframes.
- 4.78** The PSR acknowledges these efforts. However, they did not fully protect customers from the risk of making misdirected or fraudulent payments. Nor did they help prevent the UK's financial system from the risk of being used to facilitate fraud or stop money flowing into the hands of fraudsters. SD17 aims to minimise the risk of accidental, misdirected, or fraudulent payments and to reduce the use of FPS and CHAPS payment systems to facilitate fraud.
- 4.79** BOIUK's decision to not implement sufficient interim measures to prevent such payments in the absence of CoP send functionality, or to use a third-party solution to offer CoP send access to customers while it was resolving internal dependencies, was made despite the fact it would result in regulatory non-compliance and an increased risk of potential fraud to customers.
- 4.80** The PSR has a strategic objective to ensure users are sufficiently protected when using the UK's payment systems. SD17 builds on this objective by requiring a wider range of PSPs to implement CoP. CoP is designed to protect customers when making payments, reduce the risk of financial loss from APP fraud and misdirected payments, and enhance trust in digital payments. The PSR expects directed PSPs to make decisions and to act in line with the objectives of SD17, in the interests of protecting users.

5 Failings

- 5.1** The regulatory provisions relevant to this Notice are referred to in **Annex A**.
- 5.2** The PSR considers that, during the Relevant Period, by reason of the matters described in Section 4 of this Notice, BOIUK was non-compliant with the requirements of paragraph 3.1 of SD17. It failed to put in place and use a CoP system when sending payments for customers by the Group 1 deadline of 31 October 2023.
- 5.3** As a PSP identified in Group 1 of SD17, BOIUK was required to have and use a system to do the following by 31 October 2023:
- send CoP requests for its customers
 - respond to CoP requests made to it
- 5.4** During the Relevant Period, BOIUK failed to have and use a system to provide a CoP check for its customers when sending payments using B365 and BOL. This meant that customers setting up a new payee or amending payee details to make a payment did not benefit from this method of checking bank account details and names of intended payees, increasing the risk of fraudulent, misdirected and accidental payments.
- 5.5** BOIUK failed to provide these checks for its customers until a system was in use by:
- 10 February 2024 in respect of its B365 channel
 - 7 January 2025 in respect of its BOL channel
- 5.6** These failings meant BOIUK did not have a full CoP system to help prevent APP fraud and misdirected payments, undermining consumer confidence in making payments.
- 5.7** Following publication of SD17, BOIUK was expected to take immediate and proactive steps to ensure compliance by the mandated deadline. BOIUK took six months from the publication of SD17 to assess what was required and to request an extension. It failed to notify the PSR until April 2023, contrary to paragraph 3.7 of SD17, which required notification within 28 days of forming the view that it was unlikely to meet its obligations. BOIUK mistakenly interpreted paragraph 3.7 of SD17 as requiring notification only once it had produced a detailed explanation for the delay and a fully developed, approved project plan. As these were not available until April 2023, BOIUK did not notify the PSR until that point in time.
- 5.8** BOIUK also failed to implement sufficient mitigants to protect customers from making accidental, misdirected or fraudulent payments during the Relevant Period, while there was no CoP send system in place on either B365 or BOL.
- 5.9** BOIUK was the last Group 1 PSP to achieve full compliance with SD17, primarily due to the extended delay on BOL. The PSR chose BOIUK to be part of the first cohort of PSPs (Group 1 PSPs) to implement CoP by the earlier deadline of 31 October 2023. Group 1 PSPs, including BOIUK, were selected because early implementation by these PSPs would have the greatest beneficial impact for customers due to their size and complexity.
- 5.10** BOIUK's failings impacted transactions made to over 1.14 million new payees and resulted in approximately £6.9 billion of transactions being sent without the CoP coverage required under SD17 during the Relevant Period.
- 5.11** Accordingly, (and also taking account of the Facts and Matters in Section 4 of this Notice) the PSR considers that there is no justifiable reason for the compliance failure by BOIUK and considers that a sanction should be imposed as set out below.

6 Sanction

- 6.1** The sanction imposed for BOIUK's non-compliance is a financial penalty along with publication of the compliance failure and the financial penalty imposed.

Whether to impose a financial penalty

- 6.2** The PSR's process for imposing a financial penalty is set out in its Revised Penalty Statement dated October 2023 (the Penalty Statement).³ The PSR applies a framework to determine the appropriate level of financial penalty. Section 3 of the Penalty Statement sets out the details of the framework that applies in respect of financial penalties imposed.
- 6.3** The PSR considers the full circumstances of each individual case when determining whether or not to impose a financial penalty, including where relevant, the factors in paragraphs 2.2 and 2.6 of the Penalty Statement.
- 6.4** Having considered these factors, the PSR has decided that it is appropriate to impose a financial penalty on BOIUK. The PSR considers that publishing the compliance failure alone would not be a sufficient deterrent, given the seriousness, duration and impact of the non-compliance, the number of customers affected, and the need to promote high standards of regulatory compliance among PSPs.

The appropriate level of the financial penalty

- 6.5** As stated at paragraph 3.2 of the Penalty Statement, a penalty may be made up of two elements:
- a. disgorgement of the benefit received as a result of the compliance failure
 - b. a financial penalty reflecting the seriousness of the compliance failure

First element: disgorgement

- 6.6** As stated in paragraph 3.7 of the Penalty Statement, the PSR will seek to deprive the subject of the financial benefit derived directly from, or attributable to, the compliance failure, where it is practicable to quantify this.
- 6.7** The PSR has not identified any material evidence of financial benefit that BOIUK derived directly from the compliance failure. While BOIUK achieved cost savings or reduced resourcing costs as a result of its decisions, it is not practicable to quantify these. Instead, the PSR has considered this as a factor in assessing seriousness.
- 6.8** Therefore, the disgorgement figure is calculated as **£0**.

Second element: the penalty

- 6.9** The PSR has applied the four-step process detailed at paragraphs 3.10 to 3.23 of the Penalty Statement to determine the appropriate level of financial penalty.

Step 1 – the seriousness of the compliance failure

- 6.10** As paragraphs 3.11 to 3.13 of the Penalty Statement explain, in many cases, the amount of revenue a subject generates from a particular business activity indicates the harm or potential harm caused by its compliance failure. In such cases, the PSR will determine a figure based on a percentage of relevant revenue the subject derived from the business activity in the UK that the compliance failure relates to.

³ <https://www.psr.org.uk/media/qv4deamy/revised-penalty-statement-oct-2023.pdf>

- 6.11** The PSR considers that the revenue generated by BOIUK is indicative of the harm or potential harm caused by its compliance failure. The PSR has therefore determined a figure based on a percentage of BOIUK's relevant revenue. BOIUK's relevant revenue is the revenue derived by BOIUK from its personal current accounts and business current accounts during the period of the compliance failure.
- 6.12** The overall period of the compliance failure was from 31 October 2023 to 7 January 2025. To more accurately reflect the impact and duration of the non-compliance for B365 and BOL, the PSR has used separate revenue streams and periods in calculating the relevant revenue:
- B365 – personal current account revenue between 31 October 2023 to 10 February 2024.
 - BOL – business current account and automated money transmission revenue between 31 October 2023 to 7 January 2025, adjusted pro rata for the period of compliance in November 2024.
- 6.13** The PSR considers BOIUK's relevant revenue for this period to be £77,130,004.
- 6.14** The PSR will apply a percentage to the relevant revenue to determine the step 1 figure. The percentage will reflect how serious the compliance failure is. It will be on a sliding scale of 0% to 20%, expressing the following bands of seriousness:
- a. Lesser seriousness – 0 to 6%
 - b. Moderate seriousness – 7 to 13%
 - c. High seriousness – 14 to 20%
- 6.15** In judging the seriousness of the compliance failure, the PSR takes into account various factors which reflect its impact and nature, and whether it was committed deliberately or recklessly. The Penalty Statement lists non-exhaustive factors that the PSR will consider as part of the seriousness assessment. On assessment, the PSR considers the following factors to be relevant:
- a. As a Group 1 PSP, BOIUK's behaviour in respect of compliance with SD17 and subsequent action by the PSR against BOIUK acts as a deterrence to other PSPs, in respect of future non-compliance with the PSR's Specific Directions.
 - b. The nature of the requirement breached was significant, as SD17 is designed to protect consumers from harm, particularly fraud and misdirected payments. It strengthens the UK's defences against financial crime by ensuring payments reach the intended recipient.
 - c. The duration of the compliance failure. BOIUK as a Group 1 PSP was required to have and use a CoP system to send and receive CoP requests by 31 October 2023. BOIUK implemented its CoP respond system by the deadline but was not compliant with the requirements of SD17 until 10 February 2024 on B365 and 7 January 2025 on BOL. Amounting to 14 months of overall non-compliance.
 - d. The non-compliance exposed weaknesses in BOIUK's capability, resilience, and infrastructure. These compromised its ability to meet the Group 1 deadline for the CoP send requirements of SD17. Although BOIUK relies on Group-level systems, responsibility for compliance with SD17 rests with BOIUK. BOIUK was aware of these long-standing vulnerabilities in its infrastructure but did not act sufficiently promptly to address them, or find alternative solutions that would have enabled implementation of a CoP send system by the mandated deadline.
 - e. The non-compliance caused a significant risk of loss to BOIUK customers, who were not afforded the protection granted by CoP during the Relevant Period. Transactions made to over 1.14 million new payees and transactions totalling approximately £6.9 billion were not covered by CoP when required during the Relevant Period.

- f. While there is no material evidence that BOIUK directly profited from the non-compliance, it would have realised inherent cost savings through reduced resourcing. Any benefits obtained are not practicable to quantify.
- g. BOIUK's initial work to develop CoP was funded and progressed ahead of the PSR mandating CoP through SD17.
- h. BOIUK implemented a fraud reimbursement process during the period where CoP send was not live. While this process did not fully cover misdirected or accidental payments, it included reimbursement for APP fraud victims under the CRM Code and later under Specific Directions 20 and 21. These protections did not generally extend to business customers using BOL, except for micro-enterprises and charities.
- i. BOIUK had ample notice of the CoP requirement following the PSR's consultation in May 2022 and publication of SD17 in October 2022. BOIUK should have organised its systems and resources to ensure compliance within the prescribed timeframe.
- j. BOIUK failed to sufficiently assess mitigating steps. It did not identify a way to accelerate the BOL improvement programme, or implement CoP on an interim basis, for example by engaging a third-party provider to deliver CoP functionality while it resolved internal dependencies. By not pursuing these options, BOIUK may have missed opportunities to shorten its timeline to compliance with SD17, instead prioritising broader changes and capability improvements, despite the fact it would result in non-compliance with SD17.
- k. BOIUK did not notify the PSR of its likely non-compliance until April 2023, over six months after SD17 was published, contrary to the requirement in paragraph 3.7 of SD17 to notify within 28 days of forming that view. BOIUK mistakenly interpreted paragraph 3.7 of SD17 as requiring notification only once it had produced a detailed explanation for the delay and a fully developed, approved project plan. As these were not available until April 2023, BOIUK did not notify the PSR until that point in time.

6.16 While some factors indicate higher seriousness, overall, the PSR does not consider BOIUK's non-compliance to be deliberate or reckless. Its ability to comply with SD17 was affected by Group-level efforts to address capability and resilience issues. Its prioritisation decisions and delays in programme progress also contributed to its non-compliance. BOIUK was, or should have been, aware of the risk of non-compliance arising from these decisions. However, these decisions were influenced by various factors, including potential customer impact, and were not made with deliberate disregard or recklessness towards its regulatory obligations.

6.17 Therefore, taking all of these factors into account, including the overall seriousness of the B365 and BOL non-compliance, the PSR considers the compliance failure to fall within the moderate seriousness range. Accordingly, 7% is the percentage which reflects the seriousness of BOIUK's compliance failure with SD17 and so the Step 1 figure is 7% of £77,130,004.

6.18 Step 1 is therefore **£5,399,100**.

Step 2 – mitigating and aggravating factors

6.19 Pursuant to paragraph 3.19 of the Penalty Statement, the PSR may increase or decrease the amount of financial penalty arrived at after step 1 (but not including any amount to be disgorged). This is to take into account factors that aggravate or mitigate the compliance failure. Paragraph 3.20 of the Penalty Statement contains such factors.

6.20 The PSR has considered whether any of the potentially aggravating and mitigating factors, or any other such factors, apply in this case and has concluded that none applies to a material extent, such that the penalty ought to be increased or decreased.

6.21 Step 2 is therefore **£5,399,100**.

Step 3 – adjustment for deterrence

- 6.22** Paragraph 3.21 of the Penalty Statement explains that if the PSR considers that the figure arrived at after step 2 is not effective in deterring the subject, or others, from committing further or similar compliance failures, then it may increase the penalty.
- 6.23** The PSR considers that the step 2 of £5,399,100 represents a sufficient deterrent to BOIUK and others and so has not increased the penalty at step 3.
- 6.24** The step 3 figure is therefore **£5,399,100**.

Step 4 – discounts

- 6.25** Pursuant to paragraph 3.22 of the Penalty Statement, the PSR and the subject may seek to agree the amount of any financial penalty and other terms. In recognition of the benefits of such agreements, the PSR will reduce the amount of financial penalty that might otherwise have been imposed. The reduction will reflect the stage at which the agreement was reached. The settlement discount does not apply to the disgorgement of any benefit calculated under the first element.
- 6.26** The PSR and BOIUK reached settlement at the earliest possible stage and so a 30% discount applies to the step 3 figure.
- 6.27** Step 4 is therefore **£3,779,300** (rounded down to the nearest £100).

Penalty

- 6.28** The PSR therefore imposes a total financial penalty of **£3,779,300** on BOIUK for its compliance failure in respect of SD17.

7 Procedural matters

- 7.1** This Notice is given to BOIUK pursuant to section 74 of the Act.
- 7.2** The following statutory rights are important.

Decision maker

- 7.3** The decision which gave rise to the obligation to give this Notice was made by the Settlement Decision Makers.

Payment of financial penalty

- 7.4** The financial penalty must be paid in full by BOIUK to the PSR no later than 5 March 2026.

If the financial penalty is not paid

- 7.5** If all or any of the financial penalty is outstanding on 6 March 2026, the PSR may recover the outstanding amount as a debt owed by BOIUK and due to the PSR.

Publicity

- 7.6** Section 72 of FSBRA provides that the PSR may publish details of compliance failures and penalties imposed on regulated persons under section 73. The PSR intends to publish a Decision Notice, and such information about the matter to which it relates, as the PSR considers appropriate.

Disclaimer

- 7.7** In this Notice the PSR makes no criticism of any person other than BOIUK and its parent company, BOI Group. Further, any facts or findings in this Notice relating to any function, committee or group of persons should not be read as relating to all the members of that function, committee, or group, or even necessarily any particular individual.

PSR contacts

- 7.8** For more information concerning this matter generally, contact Kingsley Moore at the PSR (Kingsley.Moore@psr.org.uk) or the Case Team (ProjectChiswick@psr.org.uk).

Deborah Jones

Settlement Decision Maker, for and on behalf of the PSR

David Thomas

Settlement Decision Maker, for and on behalf of the PSR

Annex A

Relevant statutory and regulatory provisions

1. The PSR's statutory objectives

- a. to ensure that payment systems are operated and developed in a way that considers and promotes the interests of all the businesses and consumers that use them
- b. to promote effective competition in the markets for payment systems and services - between operators, PSPs and infrastructure providers
- c. to promote the development of and innovation in payment systems, in particular the infrastructure used to operate those systems

2. Financial Services Banking (Reform) Act 2013

- a. Section 54(3)(c) of the Act defines a direction under this section may apply—
 - (a) generally,
 - (b) in relation to—
 - (i) all operators, or every operator of a regulated payment system of a specified description,
 - (ii) all infrastructure providers, or every person who is an infrastructure provider in relation to a regulated payment system of a specified description, or
 - (iii) all payment service providers, or every person who is a payment service provider in relation to a regulated payment system of a specified description, or
 - (c) in relation to specified persons or persons of a specified description.
- b. Section 72 of the Act provides:
 - (1) The Payment Systems Regulator may publish details of a compliance failure by a participant in a regulated payment system.
 - (2) The Payment Systems Regulator may publish details of a sanction imposed under section 73.
- c. Section 73 of the Act provides:
 - (1) The Payment Systems Regulator may require a participant in a regulated payment system to pay a penalty in respect of a compliance failure.
 - (2) A penalty—
 - (a) must be paid to the Payment Systems Regulator, and
 - (b) may be enforced by the Payment Systems Regulator as a debt.
 - (3) The Payment Systems Regulator must prepare a statement of the principles which it will apply in determining—
 - (a) whether to impose a penalty, and
 - (b) the amount of a penalty.
 - (4) The Payment Systems Regulator must—
 - (a) publish the statement on its website,
 - (b) send a copy to the Treasury,

- (c) review the statement from time to time and revise it if necessary (and paragraphs (a) and (b) apply to a revision), and
- (d) in applying the statement to a compliance failure, apply the version in force when the compliance failure occurred.

3. Specific Direction 17: Expanding Confirmation of Payee

- a. Paragraph 1.7 of SD17 states that the PSR may decide to exempt a directed PSP from an obligation under this direction, or change the date for compliance, to take relevant circumstances into account.
- b. Paragraph 3.1 of SD17 states that after the applicable date, a directed PSP must have and use a system to:
 - send CoP requests for its customers
 - respond to CoP requests made to it
- c. Paragraph 3.7 of SD17 states that if a directed PSP considers that it is unlikely to be able to put the system in place in time to meet its obligations under paragraphs 3.1 to 3.5, it must notify the PSR of that in writing. The notification must include the reason for its view and the steps it is taking to meet its obligations. It must provide this notification within 28 days of coming to that view.
- d. Paragraph 3.8 of SD17 defines the applicable date mentioned in paragraph 3.1 is:
 - for Group 1 PSPs, 31 October 2023
 - for Group 2 PSPs, 31 October 2024
- e. Paragraph 5.1 of SD17 states that if it considers it necessary or appropriate, the PSR may:
 - exempt a directed PSP from an obligation imposed by this direction
 - impose a different applicable date (see paragraph 3.8) in respect of all or any aspects of the system
- f. Paragraph 9.9 of SD17 defines in this specific direction:
 - **Group 1 PSP** means a PSP which is listed in the Schedule.
 - **Group 2 PSP** means a PSP which:
 - is a participant in Faster Payments or CHAPS
 - is not a Group 1 PSP
 - conducts relevant business
 - does not have a CoP system in regular operation on the date this direction comes into force, and
 - is a building society, or has a unique sort code listed on the Extended Industry Sort Code Database (EISCD)