

Decisions on applications for exemption from the requirement to introduce Confirmation of Payee (CoP)

July 2020

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For reasons of commercial confidentiality some references to numbers of accounts and numbers of transactions have been rounded for inclusion in the published document.

Barclays Bank UK plc and Barclays Bank plc (Barclays)



Decision on an application for an exemption from the requirement to introduce Confirmation of Payee (CoP)

Para 4.12 of Specific Direction 10 (SD10) requiring the introduction of CoP (as varied February 2020)

Acting in accordance with Para 4.17 of SD10 and in connection with its functions under Part 5 of the Financial Services (Banking Reform) Act 2013 (FSBRA), and having considered, on 9 June 2020, an application for an exemption by Barclays Bank UK plc and Barclays Bank plc (together "Barclays") made pursuant to Para 4.13b of SD10, the Payment Systems Regulator ("PSR") has decided to approve the application subject to compliance with the conditions set out below.

1. The application relates to Barclays [REDACTED] channel.
2. The application was made under Para 4.13b of SD10, namely that it is not reasonable or proportionate to require Barclays to comply with the obligations arising under paragraphs 4.1 and 4.5 of SD10 in respect of payments to be made using that channel.
3. The application stated that [REDACTED] will be decommissioned by 31 December 2020 and no new clients are being given access to [REDACTED]
4. The decommissioning was originally to take place by 31 July 2020 but due to the impact of COVID-19 on users that has been delayed.
5. In considering the application and in accordance with Para 4.14 of SD10, the PSR considered all the circumstances, including the impact of approving the application on the achievement of the objective of SD10, namely a significant reduction in losses due to APP scams and accidentally misdirected payments.
6. In particular, the PSR considered the following matters relevant:
 - The number of affected accounts is around 300;
 - Those accounts are all held by corporate customers;
 - [REDACTED]
 - The likelihood and level of fraud;



- The period of extension required;
- That customers may obtain a CoP check ahead of a payment over the telephone.

7. Noting the above, the PSR considers the impact of this objective on achieving the objective of SD10 will be minimal.

8. Having regard to the information provided to us by Barclays and considering all the circumstances of the case, in particular the factors identified at paragraph 6, the PSR has decided to approve the application subject to the following conditions:

- (i) That this exemption is of no effect after 31 December 2020;
- (ii) [Redacted text block containing multiple lines of blacked-out content]

Genevieve Marjoribanks
Head of Policy, Payment Systems Regulator
22 June 2020



Decision on an application for an exemption from the requirement to introduce Confirmation of Payee (CoP)

Para 4.12 of Specific Direction 10 (SD10) requiring the introduction of CoP (as varied February 2020)

Acting in accordance with Para 4.17 of SD10 and in connection with its functions under Part 5 of the Financial Services (Banking Reform) Act 2013 (FSBRA), and having considered, on 9 June 2020, an application for an exemption by Barclays Bank UK plc and Barclays Bank plc (together “Barclays”) made pursuant to Para 4.13b of SD10, the Payment Systems Regulator (“PSR”) has decided to approve the application subject to compliance with the conditions set out below.

1. The application relates to CHAPS processing [REDACTED]
2. The application was made under Para 4.13b of SD10, namely that it is not reasonable or proportionate to require Barclays to comply with the obligations arising under paragraphs 4.1 and 4.5 of SD10 in respect of payments to be made using that channel.
3. [REDACTED]
4. [REDACTED]
5. Barclays’ intention [REDACTED] but this cannot be achieved until end September 2020.
6. In considering the application and in accordance with Para 4.14 of SD10, the PSR considered all the circumstances, including the impact of approving the application on the achievement of the objective of SD10, namely a significant reduction in losses due to APP scams and accidentally misdirected payments.
7. In particular, the PSR considered the following matters relevant:
 - The number of accounts affected is around 40 thousand;
 - Those accounts are held by corporate customers and larger businesses;



- The number of customers using ██████ in the 3 months prior to application was around 13 thousand in total;
- ██
████████████████████
- The likelihood and level of fraud;
- The period of extension required.

8. Noting the above, the PSR considers the impact of this exemption on achieving the objective of SD10 will be minimal.

9. Having regard to the information provided to us by Barclays and considering all the circumstances of the case, in particular the factors identified at paragraph 7, the PSR has decided to approve the application subject to the following conditions:

- (i) That this exemption is of no effect after 30 September 2020;

- (ii) [REDACTED]

Genevieve Marjoribanks

Head of Policy, Payment Systems Regulator

22 June 2020



Decision on an application for an exemption from the requirement to introduce Confirmation of Payee (CoP)

Para 4.12 of Specific Direction 10 (SD10) requiring the introduction of CoP (as varied February 2020)

Acting in accordance with Para 4.17 of SD10 and in connection with its functions under Part 5 of the Financial Services (Banking Reform) Act 2013 (FSBRA), and having considered, on 3 March 2020, an application for an exemption by Barclays Bank UK plc and Barclays Bank plc (together "Barclays") made pursuant to Para 4.13b of SD10, the Payment Systems Regulator ("PSR") has decided to approve the application subject to compliance with the conditions set out below.

1. The application relates to Barclays [REDACTED] channel.
2. The application was made under Para 4.13b of SD10, namely that it is not reasonable or proportionate to require Barclays to comply with the obligations arising under paragraphs 4.1 and 4.5 of SD10 in respect of payments to be made using that channel.
3. The application stated that the channel is being replaced and all existing clients will be migrated to a new channel from early 2021, with completion expected by the end of 2021. That new channel will be fully CoP compliant.
4. In considering the application and in accordance with Para 4.14 of SD10, the PSR considered all the circumstances, including the impact of approving the application on the achievement of the objective of SD10, namely a significant reduction in losses due to APP scams and accidentally misdirected payments.
5. In particular, the PSR considered the following matters relevant:
 - [REDACTED]
 - The number of affected accounts is around 200;
 - Those accounts are all held by corporate customers;
 - That 83% of [REDACTED] clients also have access to Barclays.Net which will offer CoP checks;



- The likelihood and level of fraud;
- The period of extension required;
- That customers may obtain a CoP check ahead of a payment over the telephone.

6. Noting the above, the PSR considers the impact of this exemption on achieving the objective of SD10 will be minimal.

7. Having regard to the information provided to us by Barclays and considering all the circumstances of the case, in particular the factors identified at paragraph 5, the PSR has decided to approve the application subject to the following conditions:

- (i) That this exemption is of no effect after 31 December 2021;
- (ii) [Redacted text block containing multiple lines of blacked-out content]

Genevieve Marjoribanks
Head of Policy, Payment Systems Regulator
22 June 2020



Decision on an application for an exemption from the requirement to introduce Confirmation of Payee (CoP)

Para 4.12 of Specific Direction 10 (SD10) requiring the introduction of CoP (as varied February 2020)

Acting in accordance with Para 4.17 of SD10 and in connection with its functions under Part 5 of the Financial Services (Banking Reform) Act 2013 (FSBRA), and having considered, on 7 July 2020, an application for an exemption by Barclays Bank UK plc and Barclays Bank plc (together "Barclays") made pursuant to Para 4.13b of SD10, the Payment Systems Regulator ("PSR") has decided to approve the application subject to compliance with the condition set out below.

1. The application relates to Barclays' [REDACTED]
2. The application was made under Para 4.13b of SD10, namely that it is not reasonable or proportionate to require Barclays to comply with the obligations arising under paragraph 4.5 of SD10 in respect of payments to be made using [REDACTED]
3. [REDACTED]
4. [REDACTED]
5. Barclays now plans to deliver Confirmation of Payee onto [REDACTED] by 31 July 2020.
6. In considering the application and in accordance with Para 4.14 of SD10, the PSR considered all the circumstances, including the impact of approving the application on the achievement of the objective of SD10, namely a significant reduction in losses due to APP scams and accidentally misdirected payments.
7. In particular, the PSR considered the following matters relevant:



- [REDACTED]
- The likelihood and level of fraud;
- The period of extension required;
- [REDACTED]

8. Noting the above, the PSR considers the impact of this exemption on achieving the objective of SD10 will be minimal.

9. Having regard to the information provided to us by Barclays and considering all the circumstances of the case, in particular the factors identified at paragraph 7, the PSR has decided to approve the application subject to the following condition:

- (i) That this exemption is of no effect after 31 July 2020.

Genevieve Marjoribanks

Head of Policy, Payment Systems Regulator

08/07/2020

HSBC Bank plc
(HSBC)



Decision on an application for an exemption from the requirement to introduce Confirmation of Payee (CoP)

Para 4.12 of Specific Direction 10 (SD10) requiring the introduction of CoP (as varied February 2020)

Acting in accordance with Para 4.17 of SD10 and in connection with its functions under Part 5 of the Financial Services (Banking Reform) Act 2013 (FSBRA), and having considered, on 7 July 2020, an application for an exemption by HSBC Bank plc ("HSBC") made pursuant to Para 4.13b of SD10, the Payment Systems Regulator ("PSR") has decided to approve the application subject to compliance with the condition set out below.

1. The application relates to certain accounts [REDACTED] ("the accounts").
2. The application was made under Para 4.13b of SD10, namely that it is not reasonable or proportionate to require HSBC to comply with the obligations arising under paragraph 4.5 of SD10 in respect of payments to be made from the Accounts.
3. The application stated that the exemption relates to [REDACTED] corporate clients [REDACTED].
4. [REDACTED]
[REDACTED]
[REDACTED]
5. The application stated that HSBC has been working closely with account holders to ensure that there is no business interruption during the migration [REDACTED]. HSBC considered accelerating the migration exercise to achieve compliance with SD10 by 30 June 2020. However, [REDACTED]
[REDACTED]
[REDACTED] accelerating migration was considered challenging and high risk, particularly in the context of COVID-19.
6. The application stated that the migration of the accounts [REDACTED] will be completed [REDACTED] by the end of October 2020.
7. In the 35 days preceding the date of HSBC's application for an exemption, around 300 payments from the accounts would have been eligible for a CoP check.



8. In considering the application and in accordance with Para 4.14 of SD10, the PSR considered all the circumstances, including the impact of approving the application on the achievement of the objective of SD10, namely a significant reduction in losses due to APP scams and accidentally misdirected payments.

9. In particular, the PSR considered the following matters relevant:

- The number of transactions;
- That the accounts are held by fewer than 100 corporate customers;
- The likelihood and level of fraud;
- The period of extension required;
- That account holders may obtain a CoP check ahead of a payment by contacting their HSBC client service contact.

10. Noting the above, the PSR considers the impact of this exemption on achieving the objective of SD10 will be minimal.

11. Having regard to the information provided to us by HSBC and considering all the circumstances of the case, in particular the factors identified at paragraph 9, the PSR has decided to approve the application subject to the following condition:

- (i) That this exemption is of no effect after 31 October 2020.

Genevieve Marjoribanks
Head of Policy, Payment Systems Regulator
08/07/2020

Bank of Scotland plc and Lloyds Bank plc (Lloyds)



Decision on an application for an exemption from the requirement to introduce Confirmation of Payee (CoP)

Para 4.12 of Specific Direction 10 (SD10) requiring the introduction of CoP (as varied February 2020)

Acting in accordance with Para 4.17 of SD10 and in connection with its functions under Part 5 of the Financial Services (Banking Reform) Act 2013 (FSBRA), and having considered, on 3 March 2020, an application for an exemption by Bank of Scotland plc and Lloyds Bank plc (together "Lloyds") made pursuant to Para 4.13b of SD10, the Payment Systems Regulator ("PSR") has decided to approve the application subject to compliance with the condition set out below.

1. The application relates to Lloyds' [REDACTED]
2. The application was made under Para 4.13b of SD10, namely that it is not reasonable or proportionate to require Lloyds to comply with the obligations arising under paragraph 4.5 of SD10 in respect of payments to be made using [REDACTED]
3. The application stated that [REDACTED] is a [REDACTED] corporate account offering [REDACTED]
4. [REDACTED]
5. [REDACTED]
6. [REDACTED]
7. In considering the application and in accordance with Para 4.14 of SD10, the PSR considered all the circumstances, including the impact of approving the application on the achievement of the objective of SD10, namely a significant reduction in losses due to APP scams and accidentally misdirected payments.
8. In particular, the PSR considered the following matters relevant:
 - The number of account holders affected is less than 100.



- Those accounts are all held by large corporate customers;
- The likelihood and level of fraud;
- The period of extension required.

9. Noting the above, the PSR considers the impact of this exemption on achieving the objective of SD10 will be minimal.

10. Having regard to the information provided to us by Lloyds and considering all the circumstances of the case, in particular the factors identified at paragraph 8, the PSR has decided to approve the application subject to the following condition:

- (i) That this exemption is of no effect after 31 July 2020.

Genevieve Marjoribanks

Head of Policy, Payment Systems Regulator

22 June 2020

National Westminster Bank plc,
Royal Bank of Scotland plc and
Ulster Bank Limited (NatWest)



Decision on an application for an exemption from the requirement to introduce Confirmation of Payee (CoP)

Para 4.12 of Specific Direction 10 (SD10) requiring the introduction of CoP (as varied February 2020)

Acting in accordance with Para 4.17 of SD10 and in connection with its functions under Part 5 of the Financial Services (Banking Reform) Act 2013 (FSBRA), and having considered, on 3 March 2020, an application for an exemption by National Westminster Bank plc, Royal Bank of Scotland plc and Ulster Bank Limited (together "NatWest") made pursuant to Para 4.13b of SD10, the Payment Systems Regulator ("PSR") has decided to approve the application subject to compliance with the conditions set out below.

1. The application relates to the NatWest [REDACTED] channel.
2. The application was made under Para 4.13b of SD10, namely that it is not reasonable or proportionate to require NatWest to comply with the obligations arising under paragraph 4.5 of SD10 in respect of payments to be made using that channel.
3. [REDACTED] is a legacy [REDACTED] platform which is being gradually retired.
4. Migration of customers from [REDACTED] is largely complete and is expected to conclude in 2020.
5. In considering the application and in accordance with Para 4.14 of SD10, the PSR considered all the circumstances, including the impact of approving the application on the achievement of the objective of SD10, namely a significant reduction in losses due to APP scams and accidentally misdirected payments.
6. In particular, the PSR considered the following matters relevant:
 - The number of accounts affected is around 6,000;
 - The accounts are held by corporate customers;
 - The likelihood and level of fraud;
 - The period of extension required.



7. Noting the above, the PSR considers the exemption will have a minimal impact on achieving the objective of SD10.

8. Having regard to the information provided to us by NatWest and taking into account all the circumstances of the case in particular the factors identified at paragraph 6, the PSR has decided to approve the application subject to the following conditions:

(i) That this exemption is of no effect after 30 September 2020.

(ii)



Genevieve Marjoribanks

Head of Policy, Payment Systems Regulator

22 June 2020



Decision on an application for an exemption from the requirement to introduce Confirmation of Payee (CoP)

Para 4.12 of Specific Direction 10 (SD10) requiring the introduction of CoP (as varied February 2020)

Acting in accordance with Para 4.17 of SD10 and in connection with its functions under Part 5 of the Financial Services (Banking Reform) Act 2013 (FSBRA), and having considered, on 9 June 2020, an application for an exemption by National Westminster Bank plc, Royal Bank of Scotland plc and Ulster Bank Limited (together "NatWest") made pursuant to Para 4.13b of SD10, the Payment Systems Regulator ("PSR") has decided to approve the application subject to compliance with the conditions set out below.

1. The application relates to the NatWest [REDACTED] channel.
2. The application was made under Para 4.13b of SD10, namely that it is not reasonable or proportionate to require NatWest to comply with the obligations arising under paragraphs 4.1 and 4.5 of SD10 in respect of payments to be made using that channel.
3. [REDACTED] replacement [REDACTED] channel for the legacy [REDACTED] platform [REDACTED] Migration of customers [REDACTED] [REDACTED] is largely complete and is expected to conclude in 2020.
4. The application stated that the planned delivery date for CoP on [REDACTED] was June 2020 but this is no longer feasible in light of the impact of Covid-19. [REDACTED]
[REDACTED]
5. The preliminary view of NatWest is that full CoP deployment on [REDACTED] is likely to take place during Q3 2020.
6. In considering the application and in accordance with Para 4.14 of SD10, the PSR considered all the circumstances, including the impact of approving the application on the achievement of the objective of SD10, namely a significant reduction in losses due to APP scams and accidentally misdirected payments.
7. In particular, the PSR considered the following matters relevant:
 - The number of accounts affected is around 100 thousand;



- That [REDACTED] is predominantly used by large corporate and commercial customers;
- The likelihood and level of fraud;
- The period of extension required.

8. Noting the above, the PSR considers the impact of this exemption on achieving the objective of SD10 will be minimal.

9. Having regard to the information provided to us by NatWest and considering all the circumstances of the case, in particular the factors identified at paragraph 7, the PSR has decided to approve the application subject to the following conditions:

(i) That this exemption is of no effect after 30 September 2020;

(ii) [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

Genevieve Marjoribanks

Head of Policy, Payment Systems Regulator

22 June 2020

10. On 30 June, NatWest informed the PSR that CoP had been delivered for this channel.



Decision on an application for an exemption from the requirement to introduce Confirmation of Payee (CoP)

Para 4.12 of Specific Direction 10 (SD10) requiring the introduction of CoP (as varied February 2020)

Acting in accordance with Para 4.17 of SD10 and in connection with its functions under Part 5 of the Financial Services (Banking Reform) Act 2013 (FSBRA), and having considered, on 9 June 2020, an application for an exemption by National Westminster Bank plc, Royal Bank of Scotland plc and Ulster Bank Limited (together "NatWest") made pursuant to Para 4.13b of SD10, the Payment Systems Regulator ("PSR") has decided to approve the application subject to compliance with the conditions set out below.

1. The application relates to the NatWest [REDACTED] channel.
2. The application was made under Para 4.13b of SD10, namely that it is not reasonable or proportionate to require NatWest to comply with the obligations arising under paragraphs 4.1 and 4.5 of SD10 in respect of payments to be made using that channel.
3. [REDACTED] is a relatively new [REDACTED] channel which is linked to [REDACTED].
4. The application stated that [REDACTED] has a dependency on [REDACTED]. Therefore, CoP can only be rolled out on [REDACTED] once it is done on [REDACTED]. This is anticipated to be during Q3 2020.
5. The application also stated that existing resources supporting CoP have been redirected to assist with Covid-19 related features within [REDACTED], which have taken priority during this period.
6. In considering the application and in accordance with Para 4.14 of SD10, the PSR considered all the circumstances, including the impact of approving the application on the achievement of the objective of SD10, namely a significant reduction in losses due to APP scams and accidentally misdirected payments.
7. In particular, the PSR considered the following matters relevant:
 - The number of accounts impacted is around 14 thousand;
 - That [REDACTED] can only be used by corporate customers;



- The likelihood and level of fraud;
 - The period of extension required.
8. Noting the above, the PSR considers the impact of this exemption on achieving the objective of SD10 will be minimal.
9. Having regard to the information provided to us by NatWest and considering all the circumstances of the case, in particular the factors identified at paragraph 7, the PSR has decided to approve the application subject to the following conditions:

- (i) That this exemption is of no effect after 30 September 2020;
- (ii) [Redacted text block containing six lines of blacked-out content]

Genevieve Marjoribanks
Head of Policy, Payment Systems Regulator
22 June 2020



Decision on an application for an exemption from the requirement to introduce Confirmation of Payee (CoP)

Para 4.12 of Specific Direction 10 (SD10) requiring the introduction of CoP (as varied February 2020)

Acting in accordance with Para 4.17 of SD10 and in connection with its functions under Part 5 of the Financial Services (Banking Reform) Act 2013 (FSBRA), and having considered, on 9 June 2020, an application for an exemption by National Westminster Bank plc ("NatWest") made pursuant to Para 4.13b of SD10, the Payment Systems Regulator ("PSR") has decided to approve the application subject to compliance with the conditions set out below.

1. The application relates to [REDACTED] of NatWest. [REDACTED]
[REDACTED]
[REDACTED]
2. The application was made under Para 4.13b of SD10, namely that it is not reasonable or proportionate to require NatWest to comply with the obligations arising under paragraphs 4.1 and 4.5 of SD10 in respect of payments to be made using [REDACTED]
3. [REDACTED]
[REDACTED]
[REDACTED]
4. [REDACTED]
[REDACTED]
[REDACTED]
5. [REDACTED]
[REDACTED]
[REDACTED]
6. In considering the application and in accordance with Para 4.14 of SD10, the PSR considered all the circumstances, including the impact of approving the application on the achievement of the objective of SD10, namely a significant reduction in losses due to APP scams and accidentally misdirected payments.
7. In particular, the PSR considered the following matters relevant:
 - [REDACTED]



- The number of customers affected is around 12 thousand;
 - The likelihood and level of fraud;
 - The period of extension required.
8. Noting the above, the PSR considers the impact of this exemption on achieving the objective of SD10 will be minimal.
9. Having regard to the information provided to us by NatWest and considering all the circumstances of the case, in particular the factors identified at paragraph 7, the PSR has decided to approve the application subject to the following conditions:
- (i) That this exemption is of no effect after 31 December 2020;
 - (ii) [REDACTED]
- Genevieve Marjoribanks*
Head of Policy, Payment Systems Regulator
22 June 2020
10. Following the PSR's decision on this exemption request, it received an update that the number of affected customers is now around two thousand.



Decision on an application for an exemption from the requirement to introduce Confirmation of Payee (CoP)

Para 4.12 of Specific Direction 10 (SD10) requiring the introduction of CoP (as varied February 2020)

Acting in accordance with Para 4.17 of SD10 and in connection with its functions under Part 5 of the Financial Services (Banking Reform) Act 2013 (FSBRA), and having considered, on 9 June 2020, an application for an exemption by National Westminster Bank plc, Royal Bank of Scotland plc and Ulster Bank Limited (together "NatWest") made pursuant to Para 4.13b of SD10, the Payment Systems Regulator ("PSR") has decided to approve the application subject to compliance with the conditions set out below.

1. The application relates to NatWest [REDACTED].
2. The application was made under Para 4.13b of SD10, namely that it is not reasonable or proportionate to require RBS to comply with the obligations arising under paragraph 4.5 of SD10 in respect of payments to be made using that channel.
3. The [REDACTED] channel is used by both personal and business customers, particularly for [REDACTED] transactions.
4. NatWest expects to roll out CoP for [REDACTED] channels by 30 June 2020 with the exception of [REDACTED].
5. The application stated that whilst CoP was delivered in March 2020 for [REDACTED], there are additional complexities in delivering CoP for the [REDACTED], which is built on legacy client servers.
6. NatWest has identified that [REDACTED] utilise a separate system to make inter-brand Faster Payments, posing additional complexities. NatWest is assessing how to remove those restrictions to allow for CoP checks but that solution will not be implemented for the end June timeline.
7. In respect of [REDACTED], the application stated that the technical deployment is more complex as this is a legacy system which integrates with several other bank channels.
8. In considering the application and in accordance with Para 4.14 of SD10, the PSR considered all the circumstances, including the impact of approving the



application on the achievement of the objective of SD10, namely a significant reduction in losses due to APP scams and accidentally misdirected payments.

9. In particular, the PSR considered the following matters relevant:

- The number of transactions impacted was around 100 thousand per month pre-Covid, [REDACTED]
- NatWest has committed to refunding customers during the exemption period for accidentally and maliciously misdirected payments where CoP could have prevented the misdirection;
- The likelihood and level of fraud;
- The period of extension required.

10. Noting the above, the PSR considers the impact of this exemption on achieving the objective of SD10 will be minimal.

11. Having regard to the information provided to us by NatWest and considering all the circumstances of the case, in particular the factors identified at paragraph 9, the PSR has decided to approve the application subject to the following conditions:

- (i) That this exemption is of no effect after 30 September 2020;
- (ii) [REDACTED]

Genevieve Marjoribanks

Head of Policy, Payment Systems Regulator

22 June 2020



Decision on an application for an exemption from the requirement to introduce Confirmation of Payee (CoP)

Para 4.12 of Specific Direction 10 (SD10) requiring the introduction of CoP (as varied February 2020)

Acting in accordance with Para 4.17 of SD10 and in connection with its functions under Part 5 of the Financial Services (Banking Reform) Act 2013 (FSBRA), and having considered, on 9 June 2020, an application for an exemption by National Westminster Bank plc, Royal Bank of Scotland plc and Ulster Bank Limited (together "NatWest") made pursuant to Para 4.13b of SD10, the Payment Systems Regulator ("PSR") has decided to approve the application subject to compliance with the conditions set out below.

1. The application relates to two of NatWest's [REDACTED] Business products [REDACTED]
[REDACTED]
2. [REDACTED]
[REDACTED]
3. [REDACTED]
[REDACTED]
4. The application was made under Para 4.13b of SD10, namely that it is not reasonable or proportionate to require NatWest to comply with the obligations arising under paragraph 4.1 of SD10 in respect of payments to be made using those channels.
5. The application stated that the account types and set up, combined with the naming conventions, make it complicated to name match at an acceptable level. The effect on customers and their clients of sub-optimal matching rates would cause the value and effectiveness of both NatWest and their customers' services to be called into question.
6. Therefore, NatWest seeks to exclude these accounts from the scope of CoP until an enhanced name matching solution is delivered. This is anticipated to be by end August 2020.
7. In considering the application and in accordance with Para 4.14 of SD10, the PSR considered all the circumstances, including the impact of approving the



application on the achievement of the objective of SD10, namely a significant reduction in losses due to APP scams and accidentally misdirected payments.

8. In particular, the PSR considered the following matters relevant:

- The number of accounts affected is around 99 thousand;
- The accounts are held by corporate customers;
- The likelihood and level of fraud;
- The period of extension required.

9. Noting the above, the PSR considers the impact on achieving the objective of SD10 will be minimal.

10. Having regard to the information provided to us by NatWest and taking into account all the circumstances of the case in particular the factors identified at paragraph 8, the PSR has decided to approve the application subject to the following conditions:

(i) That this exemption is of no effect after 31 August 2020;

(ii)



Genevieve Marjoribanks

Head of Policy, Payment Systems Regulator

22 June 2020



Decision on an application for an exemption from the requirement to introduce Confirmation of Payee (CoP)

Para 4.12 of Specific Direction 10 (SD10) requiring the introduction of CoP (as varied February 2020)

Acting in accordance with Para 4.17 of SD10 and in connection with its functions under Part 5 of the Financial Services (Banking Reform) Act 2013 (FSBRA), and having considered, on 9 June 2020, an application for an exemption by National Westminster Bank plc, Royal Bank of Scotland plc and Ulster Bank Limited (together "NatWest") made pursuant to Para 4.13b of SD10, the Payment Systems Regulator ("PSR") has decided to approve the application subject to compliance with the conditions set out below.

1. The application relates to NatWest's [REDACTED] Business Product [REDACTED]
[REDACTED]
2. The application was made under Para 4.13b of SD10, namely that it is not reasonable or proportionate to require NatWest to comply with the obligations arising under paragraph 4.1 of SD10 in respect of payments to be made using that channel.
3. [REDACTED]
[REDACTED]
4. [REDACTED]
[REDACTED]
5. [REDACTED]
[REDACTED]
6. As the current name matching solution used by NatWest cannot [REDACTED]
[REDACTED]
7. There is a solution being developed [REDACTED] but
this has not yet been fully tested and deployed.



8. In considering the application and in accordance with Para 4.14 of SD10, the PSR considered all the circumstances, including the impact of approving the application on the achievement of the objective of SD10, namely a significant reduction in losses due to APP scams and accidentally misdirected payments.

9. In particular, the PSR considered the following matters relevant:

- The number of accounts affected is around 10,000;
- The accounts are held by corporate customers;
- The likelihood and level of fraud;
- The period of extension required.

10. Noting the above, the PSR considers the impact of this exemption on achieving the objective of SD10 will be minimal.

11. Having regard to the information provided to us by NatWest and considering all the circumstances of the case, in particular the factors identified at paragraph 9, the PSR has decided to approve the application subject to the following conditions:

- (i) That this exemption is of no effect after 31 August 2020;
- (ii)



Genevieve Marjoribanks

Head of Policy, Payment Systems Regulator

22 June 2020



Decision on an application for an exemption from the requirement to introduce Confirmation of Payee (CoP)

Para 4.12 of Specific Direction 10 (SD10) requiring the introduction of CoP (as varied February 2020)

Acting in accordance with Para 4.17 of SD10 and in connection with its functions under Part 5 of the Financial Services (Banking Reform) Act 2013 (FSBRA), and having considered, on 9 June 2020, an application for an exemption by National Westminster Bank plc, Royal Bank of Scotland plc and Ulster Bank Limited (together "NatWest") made pursuant to Para 4.13b of SD10, the Payment Systems Regulator ("PSR") has decided to approve the application subject to compliance with the conditions set out below.

1. The application relates to NatWest's [REDACTED] channel.
2. The application was made under Para 4.13b of SD10, namely that it is not reasonable or proportionate to require NatWest to comply with the obligations arising under paragraph 4.5 of SD10 in respect of payments to be made using that channel.
3. The application stated that whilst CoP was delivered in March 2020 for [REDACTED] channels, there are additional complexities in delivering CoP for the [REDACTED].
4. In considering the application and in accordance with Para 4.14 of SD10, the PSR considered all the circumstances, including the impact of approving the application on the achievement of the objective of SD10, namely a significant reduction in losses due to APP scams and accidentally misdirected payments.
5. In particular, the PSR considered the following matters relevant:
 - The number of transactions affected is around 85 thousand per month [REDACTED]
 - NatWest has committed to refunding customers during the exemption period for accidentally and maliciously misdirected payments where CoP could have prevented the misdirection;
 - The likelihood and level of fraud;
 - The period of extension required.



6. Noting the above, the PSR considers the impact of this exemption on achieving the objective of SD10 will be minimal.

7. Having regard to the information provided to us by NatWest and considering all the circumstances of the case, in particular the factors identified at paragraph 5, the PSR has decided to approve the application subject to the following conditions:

(i) That this exemption is of no effect after 30 September 2020;

(ii)

[REDACTED]

Genevieve Marjoribanks

Head of Policy, Payment Systems Regulator

22 June 2020



Decision on an application for an exemption from the requirement to introduce Confirmation of Payee (CoP)

Para 4.12 of Specific Direction 10 (SD10) requiring the introduction of CoP (as varied February 2020)

Acting in accordance with Para 4.17 of SD10 and in connection with its functions under Part 5 of the Financial Services (Banking Reform) Act 2013 (FSBRA), and having considered, on 9 June 2020, an application for an exemption by National Westminster Bank plc (NatWest), Royal Bank of Scotland plc and Ulster Bank Limited (together "NatWest") made pursuant to Para 4.13b of SD10, the Payment Systems Regulator ("PSR") has decided to reject the application on the basis that there is insufficient justification to warrant exemption.

1. The application relates to NatWest's [REDACTED]
2. The application was made under Para 4.13b of SD10, namely that it is not reasonable or proportionate to require NatWest to comply with the obligations arising under paragraphs 4.1 and 4.5 of SD10 in respect of payments to be made using that channel.
3. [REDACTED]
[REDACTED]
[REDACTED].
4. The application stated that [REDACTED] is a legacy product that is no longer offered to new customers. [REDACTED]
[REDACTED]
5. In considering the application and in accordance with Para 4.14 of SD10, the PSR considered all the circumstances, including the impact of approving the application on the achievement of the objective of SD10, namely a significant reduction in losses due to APP scams and accidentally misdirected payments.
6. In particular, the PSR considered the following matters relevant:
 - [REDACTED] is a legacy product, not offered to new customers, and where existing customers are being migrated to new platforms;
 - That the number of affected accounts is around 66 thousand [REDACTED]
[REDACTED];



- That NatWest states they will accept liability for customer loss as a result of future APP scams;
- The likelihood and level of fraud;
- The period of extension required (the date for migration to be concluded is 2022).

7. Noting the above, the PSR considers that the impact on achieving SD10's objective overall may be minimal if the application was approved.

8. However, having regard to the information provided to us by NatWest and taking into account all the circumstances of the case, in particular the factors identified at paragraph 6, and noting especially that the migration will not be concluded until a point in 2022, the PSR has decided to reject the application.

Genevieve Marjoribanks

Head of Policy, Payment Systems Regulator

22 June 2020

Santander Bank plc (Santander)



Decision on an application for an exemption from the requirement to introduce Confirmation of Payee (CoP)

Para 4.12 of Specific Direction 10 (SD10) requiring the introduction of CoP (as varied February 2020)

Acting in accordance with Para 4.17 of SD10 and in connection with its functions under Part 5 of the Financial Services (Banking Reform) Act 2013 (FSBRA), and having considered, on 9 June 2020, an application for an exemption by Santander UK plc ("Santander") made pursuant to Para 4.13 a and b of SD10, the Payment Systems Regulator ("PSR") has decided to approve the application, under paragraph 4.13b, subject to compliance with the conditions set out below.

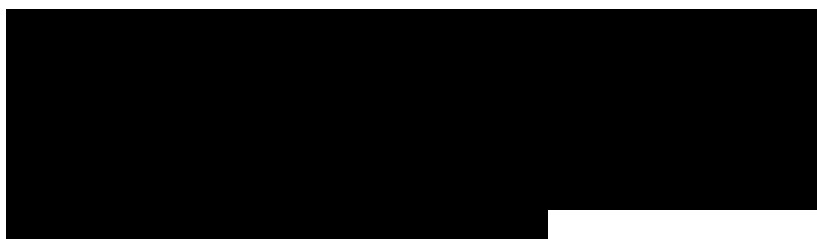
1. The application relates to Santander's [REDACTED] platform [REDACTED]
2. The application was made under both Para 4.13a exceptional circumstances, and Para 4.13b of SD10, namely that it is not reasonable or proportionate to require Santander to comply with the obligations arising under paragraph 4.5 of SD10 in respect of payments to be made using that channel.
3. The application stated that a project is underway to re-platform accounts [REDACTED] and move those customers to a new platform [REDACTED].
4. Santander had planned to have all customers migrated to the new platform by end December 2020. Due to the impact of Covid-19 on the availability of technical staff, [REDACTED] Santander stated that this timescale is no longer feasible.
5. In considering the application and in accordance with Para 4.14 of SD10, the PSR considered all the circumstances, including the impact of approving the application on the achievement of the objective of SD10, namely a significant reduction in losses due to APP scams and accidentally misdirected payments.
6. In particular, the PSR considered the following matters relevant:
 - That there are around 30 thousand accounts affected;
 - The accounts are held by corporate customers;
 - The channel is being retired;



- The period of extension required;
 - The likelihood and level of fraud;
 - Customers will be able to undertake a CoP check over the telephone.
7. Noting the above, the PSR considers the impact of this exemption on achieving the objective of SD10 will be minimal.
8. Having regard to the information provided to us by Santander and considering all the circumstances of the case, in particular the factors identified at paragraph 6, the PSR has decided to approve the application subject to the following conditions:

(i) That this exemption is of no effect after 31 March 2021;

(ii)



Genevieve Marjoribanks

Head of Policy, Payment Systems Regulator

22 June 2020

