

Consultation paper

Authorised push payment scams

Measure 1

Metric C process:
revised approach

December 2022

We welcome your views on this consultation. If you would like to provide comments, please send these to us by **5pm on 17 January 2023**.

You can email your comments to **appscaamsdata@psr.org.uk** or write to us at:

APP Scams Team
Payment Systems Regulator
12 Endeavour Square
London E20 1JN

We will consider your comments when preparing our response to this consultation.

We will make all non-confidential responses to this consultation available for public inspection.

We will not regard a standard confidentiality statement in an email message as a request for non-disclosure. If you want to claim commercial confidentiality over specific items in your response, you must identify those specific items which you claim to be commercially confidential. We may nonetheless be required to disclose all responses which include information marked as confidential in order to meet legal obligations, in particular if we are asked to disclose a confidential response under the Freedom of Information Act 2000. We will endeavour to consult you if we receive such a request. Any decision we make not to disclose a response can be reviewed by the Information Commissioner and the Information Rights Tribunal.

You can download this consultation paper from our website:

www.psr.org.uk/app-scam-data-collection-process-consultation-paper

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1 Executive summary

Background

- 1.1** Authorised push payment (APP) scams are a major problem in the UK. We are the regulator responsible for protecting people and businesses when they use payment systems. We want to prevent APP scams happening in the first place and also protect people who do fall victim to them. In November 2021, we launched a consultation and set out three measures to achieve that outcome¹:
- **Measure 1** involves the publication of scam data.
 - **Measure 2** tasks the industry with improving intelligence sharing.
 - **Measure 3** deals with wider reimbursement for APP scam victims.
- 1.2** In September 2022, we published a consultation around Measure 3² and mandatory reimbursement, and we are now reconisulting on the implementation of a specific metric included in Measure 1 (Metric C).
- 1.3** Under Measure 1, we will require the 14 largest payment service provider (PSP) groups (the 12 largest in the UK, plus two in Northern Ireland) to provide six-monthly data on APP scam performance. We proposed that the data will be published in the form of a comparison of performance across PSPs. The objective of Measure 1 is to improve the level of reimbursement for victims of APP scams and encourage PSPs to improve fraud measures by placing reputational incentives on both sending and receiving PSPs. We consulted on three metrics:
- **Metric A:** The proportion of APP scammed customers who are left – fully or partially – out of pocket.
 - **Metric B:** Sending PSPs' APP scam rates.
 - **Metric C:** Receiving PSPs' APP scam rates, net of recoveries.

Revisions to Metric C

- 1.4** We have now considered the feedback received via the responses to our consultation and the further engagement we have had with stakeholders in recent months. We still believe that Metrics A, B and C are the right metrics to publish, to achieve our objective of improving PSP's performance in relation to reimbursement and prevention, via reputational incentives. They will also, in time, help us to monitor the implementation of our Measure 3 on wider reimbursement for APP scam victims.

1 CP21/10, [Authorised push payment \(APP\) scams](#) (November 2021)

2 CP22/4, [Authorised push payment \(APP\) scams: Requiring reimbursement](#) (September 2022)

- 1.5** The engagement with the industry highlighted challenges, particularly around the validation of data between sending and receiving PSPs for Metric C. Furthermore, our plans for mandatory reimbursement under Measure 3 have accelerated, and we have been considering what impact the Measure 3 proposals could have on Measure 1.
- 1.6** As a result of this, and before we issue our final policy statement, we think it's important to reconsult specifically on the process for collecting and validating PSP's APP scam receiving rates.
- 1.7** In this consultation, we propose that:
- a. The 14 directed sending PSPs submit Metric C data on receiving PSPs to the PSR.
 - b. Receiving PSPs will have the option to ask sending PSPs for a breakdown of their APP scam data, so that they can check it. And sponsor PSPs, where they have the ability to, have the option to identify APP scam transactions that should be allocated to their indirect PSPs. We propose to require sending PSPs to assist receiving PSPs in this checking process, if they ask for it.
 - c. Sending PSPs will re-submit their final data to us (or confirm that there are no changes), with any adjustments that they consider appropriate (following any requests for revisions from receiving PSPs). Their submissions will be signed-off by the Chief Financial Officer (CFO) or equivalent to provide assurance over this data.
 - d. We will review the final data submitted by the sending PSPs and publish it six months after the end of the data period. We will publish Metrics A, B and C together.
- 1.8** Further detail on our proposed new process for collecting Metric C data can be found in chapter 4. We do not propose to put in place a requirement for a bilateral validation process between all sending and receiving PSPs. Under the new proposal, sending PSPs will no longer be required to contact receiving PSPs to seek comments and check their data before submitting it to us.
- 1.9** This is because currently not all receiving PSPs are able to constructively challenge or usefully validate the data provided by sending PSPs. We have also considered further what checking process might be needed between receiving PSPs and sending PSPs, and the proportionality of setting up such processes.
- 1.10** In addition, our policy proposals in relation to Measure 3, will necessitate information exchange at the point at which a fraud occurs. As such, a validation process under Metric C would be temporary until this measure is in place.
- 1.11** In Annex 3, we have amended our draft direction with our revised approach to Metric C. We have also updated other parts of the draft direction which relate to Metrics A and B to take account of stakeholders' views following our consultation and further development of our policy. (For ease, we also provided a tracked version in Annex 4, comparing with the November 2021 consultation).
- 1.12** We will consider issuing guidance to receiving PSPs on the Metric C process in Spring 2023. We have directed sending PSPs but not receiving PSPs. This is for two reasons:
- 1. we will not be able to identify to which receiving PSPs a direction should apply, for each reporting period, until we have started collecting data for that period
 - 2. we do not consider that it would be proportional to direct all receiving PSPs

Consultation question

- 1.13** We welcome your views on this consultation and on the changes relating to Metric C in our draft direction at Annex 3 (including Sections 4,6,7 and 15 of the direction). We are keen to understand the views of sending PSPs and receiving PSPs that our proposals will affect.

Question: Do you have any comments on the proposed new process for collecting Metric C data which we set out in Chapter 4?

- 1.14** We have already received extensive responses to our consultation in November 2021. As this is a re-consultation on a narrow aspect within the wider proposed policy, we do not expect you to reiterate views you provided previously. Please keep your written response to no more than four pages or 2,000 words.
- 1.15** Please provide your comments to us by 17 January 2023.

2 Introduction

Policy objectives of Measure 1 – the publication of scam data

- 2.1** In November 2021, we published a consultation on our package of measures to combat APP scams. We invited feedback on a proposal to publish three metrics of APP scams data, which we referred to as Measure 1.
- 2.2** We consulted on requiring the 12 largest PSP groups in the UK, and the two largest PSPs in Northern Ireland outside those groups, to publish a balanced scorecard of data on APP scams performance on a six-monthly basis. We proposed that the data would be published in the form of a comparison of performance across PSPs.
- 2.3** The objective of Measure 1 is to provide greater transparency about PSPs' APP scam levels, fraud prevention and reimbursement levels. We expect this will improve the level of reimbursement for victims of APP scams, and encourage further fraud prevention measures, by placing reputational incentives on both sending and receiving PSPs. Metric C has an important role to play in this, by highlighting the PSPs with fraudsters' accounts.
- 2.4** We consulted on three metrics:
- **Metric A:** The proportion of APP scammed customers who are left – fully or partially – out of pocket.
 - **Metric B:** Sending PSPs' APP scam rates.
 - **Metric C:** Receiving PSPs' APP scam rates, net of recoveries. Those comparisons will also include the wider set of receiving PSPs to whom the directed PSPs send payments.

November 2021 consultation and developments since then

- 2.5** Respondents to our November consultation generally supported the collection of scam data under Measure 1 but had concerns about publication. Respondents noted that Metric C required better communication channels and data-verification processes, between sending and receiving PSPs. They highlighted potential difficulties with implementing Metric C, issues around timing, and some asked whether the level of resource and costs needed were proportionate to the benefits of reporting data.
- 2.6** Some respondents suggested that there would likely be a need for a secure communication channel and a central system to collect data relating to Metric C. Further support might also be needed for validation and dispute-resolution processes.

- 2.7** Throughout 2022, we have engaged extensively with relevant stakeholders, through roundtable discussions and one-to-one meetings. We also ran a data-collection trial. In light of the ongoing discussions with industry, we now have a clearer understanding of the challenges faced by PSPs, which make it difficult for them to fully validate the relevant fraud data. We have considered further what checking process might be needed between receiving PSPs and sending PSPs, and whether setting up such a process would be proportionate.
- 2.8** In addition, our policy proposals have progressed in relation to the mandatory reimbursement of APP scam victims under Measure 3. In September 2022, we consulted further on policy proposals requiring PSPs to reimburse APP scam victims in most circumstances. We also proposed that sending and receiving PSPs should share the liability of reimbursing, with a default 50/50 split. This requires legislative changes, which we expect to come into force in spring 2023.
- 2.9** Measure 3 proposals will necessitate information exchange between sending PSPs and receiving PSPs, which may be similar to the process needed for validation. It is our assessment that any validation process established under Metric C will be transitional, until Measure 3 is in place.
- 2.10** We have considered whether we need to direct sending and receiving PSPs to validate data relating to receiving PSPs before we formally publish it. We do not consider that all receiving PSPs currently have the information to constructively challenge, or usefully validate, the data that sending PSPs provide. In addition, we do not think that requiring a bespoke system for validating this data would be proportionate, when in the future it may be replaced by something similar or more robust. However, our proposal does not prevent receiving PSPs from validating the data if they choose to.
- 2.11** In light of this, we do not think that there is a need for a formal validation process. Instead, where receiving PSPs wish to do so, they should have the option to check the relevant data or a subset (for example, from a particular sending PSP, or transactions above a certain value or of a certain type). For the reasons highlighted, this also means that we no longer consider it is necessary to delay publication of Metric C, and we intend to publish this alongside Metrics A and B.
- 2.12** We also think that publication of Metric C data is key to reputational incentives taking effect. We have considered gathering Metric C data privately and using it to take compliance action against poorly performing firms. However, by publishing, we can ensure that reputational incentives apply immediately, improving fraud performance and stopping further harm to consumers. In addition, Metric C will be helpful in preparing for Measure 3 being in place. Since we expect Measure 3 to be introduced soon, we would like Metric C to be operating effectively alongside implementation of mandatory reimbursement.

- 2.13** While we recognise that receiving PSPs may not currently have access to all the fraud information that sending PSPs hold, in our view there are actions that they can take to improve their performance in preventing fraud and compensating victims. These include:
- preventing and tackling mule accounts and closing suspicious accounts more promptly
 - taking more action to recover fraudulent funds³
 - improving monitoring of account activity and taking extra caution when processing higher risk transactions
 - sponsor PSPs working more closely with their indirect PSPs to prevent fraud
 - increasing cooperation with sending PSPs that have had fraud reported to them

Reconsulting on the Metric C data – submission process

- 2.14** We think that it is important to re-consult now on the data submission process for receiving PSP's APP scam rates. Our objectives are:
- to understand stakeholders' views on our amended process
 - to update relevant stakeholders on our proposed plans and timelines for implementing Measure 1

- 2.15** The consultation paper is set out as follows:

Chapter 3 sets out the responses that we received in our November 2021 consultation around Metric C and the views we have heard from stakeholders since that consultation.

Chapter 4 sets out our new proposed process for the collection and publication of data for Metric C.

Chapter 5 sets out the next steps, as well as the updated timeline for Measure 1 implementation.

3 Under Metric C, recoveries are netted off against their reported performance. This gives receiving PSPs an incentive to obtain more recoveries.

3 Stakeholder comments and engagement

In November 2021, we published a consultation paper inviting feedback on a proposal to publish three metrics, summarising APP scam data. We referred to this as Measure 1. We received 45 responses, from a wide variety of stakeholders. Since our consultation we have also undertaken extensive engagement with industry.

Having considered stakeholder's views, we have concluded that we need to reconsult specifically on the new process we envision for Metric C data collection and validation.

- 3.1** In this chapter we will summarise the views that we received, in relation to Metric C only and specifically on the data submission and validation process. We have grouped them under key themes. We received these views in our November 2021 consultation and in our subsequent engagement activity.
- 3.2** We are not providing a summary of the views we received in relation to Metrics A and B or other aspects of Metric C, as we are consulting only on a narrow aspect of Metric C. We will give a summary of these views when we publish our final policy statement in March 2023.

Our engagement on Measure 1 (publishing scam data)

- 3.3** We received 45 responses relating to our November 2021 consultation. They were primarily from PSPs, financial technology firms and third-party service providers. We also received responses from consumer bodies, industry trade bodies, private individuals, regulatory/governmental bodies and a payment system operator. Figure 1 below shows a breakdown of the respondents, and Table 1 below shows our other engagement activities.

Figure 1: Respondents to our November 2021 consultation

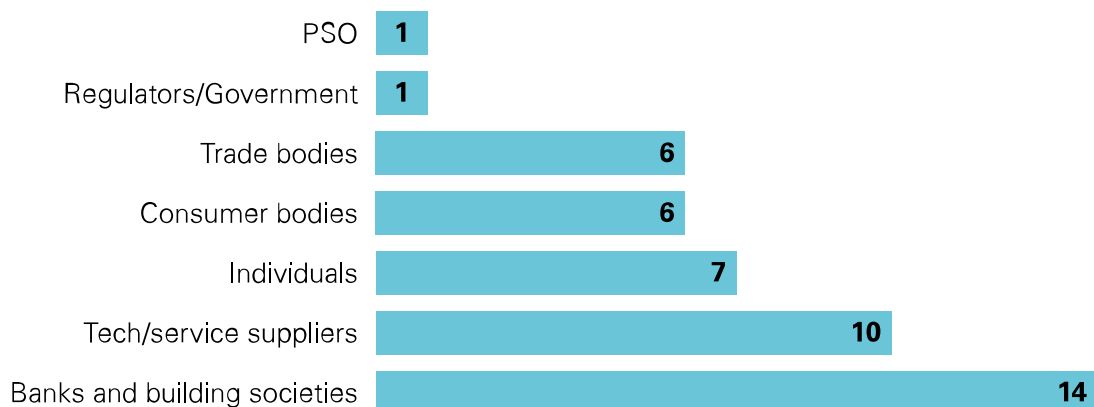


Table 1: Engagement activity

Date	Engagement
March 2022	Reporting guidance and templates: initial request for comments
April 2022	Initial stakeholder roundtable
June 2022	Voluntary trial data submission ⁴
July 2022	Second stakeholder roundtable: learnings from the trial
August 2022	Accelerated reporting guidance ⁵ : request for comments

Views on the data submission and validation process for Metric C

3.4 Below we summarise the issues raised, in relation to Metric C and the data submission and validation process.

Receiving PSPs unable to meaningfully check the data

3.5 Stakeholders' concerns relating to the validation process were centred around receiving PSPs not having access to the fraud data held by sending PSPs. Data on fraud is held by the sending PSP, as they are the first point of data capture when a victim reports an APP scam. We were told that unless the sending PSP notifies the receiving PSP at the time of the fraud being reported, the receiving PSP may be unaware of this and may not have access to this data.

3.6 Respondents told us that, given the large volume of transactions (and frauds), and to support a validation process, receiving PSPs would need to build automated systems to allow them to process the data. We were also told that building these systems could take a minimum of six months. Respondents said that firms would need to consider the investment and resourcing needed to build these systems, alongside their other commercial projects and priorities.

Timeframe for validation presented significant challenges

3.7 There was considerable concern from respondents on the proposed timelines for validation. One reason given by three PSPs and UK Finance for opposing the publication of Metric C data, related to the collection, review and validation of the data. They felt this required a major undertaking by the industry.

4 We ran a voluntary trial of our data submission processes during June. Seven sending PSPs participated.

5 A key issue that emerged from the trial was around how to report reimbursements and recoveries. We therefore accelerated the preparation of revised Reporting Guidance on this issue and circulated it for comment.

- 3.8** Five PSPs also commented that the proposed 20 days for receiving PSPs to review and provide feedback on the data was not long enough. To illustrate the substantial work required by PSPs within our proposed timeframes, stakeholders told us that a:
- a. sending PSP would need to simultaneously carry out 40 validations, being both a sending PSP and a responding PSP
 - b. responding PSPs would need to simultaneously carry out 14 validations, being one with each of the sending PSPs
- 3.9** Respondents also told us that as our proposed direction was not directing receiving PSPs, there was no obligation on receiving PSPs to cooperate with requests from sending PSPs. This could create barriers to sending PSPs getting their information.
- 3.10** Four PSPs raised concerns that under our proposed validation process, some smaller or less established PSPs would be difficult to contact in order to resolve data issues.
- 3.11** One respondent suggested that we should work with the industry to determine what a reasonable time period would be to allow sending PSPs and receiving PSPs to validate data.

Challenges in identifying receiving PSPs and indirect PSPs

- 3.12** In our consultation, three respondents told us there could potentially be difficulties for sending PSPs to uniquely identify receiving PSPs, when reporting frauds and transactions sent to them. This was because we were requiring receiving data to be reported by banking groups. Sending PSPs may not know which banking group a receiving PSP belonged to. Different definitions of the banking groups could also lead to inconsistency.
- 3.13** Respondents also told us that this issue was more pronounced when it came to indirect PSPs. As indirect PSPs access the Faster Payment System via a sponsor, the fraudulent transactions may first be received by the sponsor PSP. As such, it can be difficult to identify the indirect PSP that is the ultimate recipient.
- 3.14** Respondents were concerned that the inclusion of the indirect PSPs' performances within the sponsor PSP's results may distort the sponsor PSP's own performance. To mitigate this, stakeholders suggested that the sponsor performance data should be separated from their indirect customers' when publishing this data.

Our view

- 3.15** We have considered stakeholders' views, that the process that we proposed for data submission and validation presented challenges. We have since amended our proposals. Before we issue our final direction on Measure 1, we think that it is important to reconsult specifically on the new process that we envisage, for Metric C data collection and validation, which we set out in chapter 4, and where you can find full details of our proposals.
- 3.16** We consider that the simplified process we have set out will reduce the burden on industry. The results of our trial indicate industry's capability to report on this data.

4 Metric C: New Approach

We propose the following new process for Metric C in Figure 2:

Figure 2: the Metric C process

1	Initial data submission	The 14 directed sending PSPs to submit Metric C data on receiving PSPs to the PSR.	Month 1	
2	Aggregation and shortlist of 25 firms	The PSR aggregates total results for each receiving PSP. And identifies shortlist of 25 most significant firms, that are likely to appear in the Metric C publication. These 25 firms are notified and provided with their Metric C data.	Week 1	
3	Receiving PSPs optionally challenge data with sending PSPs	Receiving PSPs can request from sending PSPs: <ul style="list-style-type: none"> • a full transaction file/detailed supporting data • evidence/breakdowns, in particular regarding frauds 	Month 2	Week 2
4	Sending PSPs provide requested data	Sending PSPs to provide requested data to Receiving PSPs.	Week 3	
5	Receiving PSPs request changes	Request to be supported by reasons and where possible evidence.	Month 3	
6	Sending PSPs resubmit data to the PSR	Sending PSPs evaluate the evidence provided and amend data where appropriate. They then resubmit the data, accompanied with explanations and supporting evidence of any changes, with a CFO statement of assurance.	Month 4	
7	Indirect PSPs	Receiving PSPs who receive funds on behalf of indirect PSPs may voluntarily provide a breakdown of their results; by each indirect PSP itself. Accompanied with explanations and supporting evidence.	Month 4	
8	PSR publishes Metric C data	Published information will be drawn from the data of the final 20 most significant PSPs, by both value and volume.	Months 5-6	

Validation of the data

4.1 Since we consulted in November 2021 on Measure 1, we are proposing the following changes to our approach with Metric C:

- We initially proposed that sending PSPs and receiving PSPs would be required to carry out validation of Metric C data. We no longer think that it is proportionate to require sending PSPs and receiving PSPs to implement a validation process, which may require these parties to undertake significant work to support this. However, where receiving PSPs wish to do so, they should have the option to check the data.
- We will be directing sending PSPs to assist receiving PSPs with this validation process.
- Following our consultation and subsequent stakeholder engagement, we considered delaying publication of Metric C until a reconciliation process had been developed and gathering the data confidentially until then. However, we now propose publishing Metric C without delay and alongside Metrics A and B in October 2023.
- We will publish rankings drawn from the 20 most significant firms, by volume and by value. Rankings may be based on absolute values or rates of fraud.
- At the initial stage, receiving PSPs (including indirect PSPs) that have their own sort code will be identified by that sort code.
- For receiving PSPs that can disaggregate their results by indirect PSPs, we will consider publishing disaggregated results.
- For receiving PSPs that cannot disaggregate their results, we will publish aggregate results.

4.2 We welcome stakeholders' views on the new Metric C process that we propose in this chapter.

Why has our thinking changed?

4.3 We have carefully considered the views from stakeholders and analysed the evidence gathered since we consulted. We have been persuaded by views from respondents to our consultation and in subsequent engagement, that receiving PSPs are, in general, unlikely to have the information that they need to check APP scams data. This is because they are not necessarily aware of all the frauds that they receive. Such information is held by the sending PSPs, since they are the first point of data capture, when a victim reports an APP scam fraud to their own PSP where they hold their account.

4.4 A validation process would require significant investment and significant time to put suitable systems in place. These systems would need to share the relevant data between all PSPs and to automate the validation process, given the large volume of transactions concerned. (For example, reported APP scam fraud in 2021 accounted for more than 300,000 transactions over Faster Payments⁶).

6 See UK Finance, [Fraud Report 2021](#) (June 2022), page 68.

- 4.5** In addition, under our Measure 3 proposals, the liability split between sending and receiving PSPs will necessitate information exchange between sending PSPs and receiving PSPs when an APP fraud happens, which will reduce this asymmetry of data. Some monitoring of the outcomes of Measure 3 will also be required, which may also draw on such data. It may be necessary to build systems to achieve this and with the possible involvement of a central organisation in co-ordination. We continue to discuss this with Pay.UK and industry.
- 4.6** We expect that there will be a continued need for Measure 1, even after Measure 3 has come into effect. Measure 1 places reputational incentives on PSPs to improve their fraud detection and prevention, as well as recovery, even in the presence of mandatory reimbursement. In addition, we think it is likely that Measure 1 will serve as a way of monitoring the outcomes of the Measure 3 policy.
- 4.7** It is our view that any validation process under Metric C will be transitional until Measure 3 is in place. It's not a good use of time or resources to require a bespoke system for validating Metric C data.
- 4.8** We think it is reasonable to rely on sending PSPs to provide accurate data, since they are the point of data capture for APP scams fraud and already have systems in place (including for reporting similar data to UK Finance). To provide assurance over this data, our direction will require the data from the sending PSPs to be signed off by the Chief Financial Officer (CFO) or equivalent. We will undertake enforcement action if we feel that a sending PSP has not complied with our requirements in relation to the accuracy of the data.

Opportunity for receiving PSPs to check the data

- 4.9** Taking stakeholders' views into consideration, we no longer consider it necessary to place a requirement on receiving PSPs to check the data that relates to them. However, we think it is important that they have the opportunity to obtain and check their data before it is published, if they wish to. A receiving PSP may request a breakdown of their data from the sending PSP. Under the direction, a sending PSP will be required to assist receiving PSPs in doing this checking.
- 4.10** Subsequently, a receiving PSP will be able to make a request to a sending PSP to correct their data, supported by evidence. The sending PSP will need to conduct its own investigation, evaluating the evidence from the receiving PSP, and it will be for the sending PSP to decide whether to make a revision before re-submitting the revised data to us.
- 4.11** Some receiving PSPs may already have systems and access to information, that actually allow them to carry out a validation. In these circumstances, we would encourage receiving PSPs to do this and sending PSPs to support them, where possible. However, we do not propose to require this as part of our direction.

Indirect PSPs

- 4.12** Some PSPs may not be direct participants in Faster Payments. These indirect PSPs access Faster Payments via an Indirect Access Provider (IAP) intermediary that is a direct participant (also known as a 'sponsor' bank or PSP). Therefore, fraudulent transactions may be passed through the sponsor bank to the ultimate recipient PSP.

- 4.13** The business model adopted by sponsor PSPs can vary. Some may offer both indirect sort code access and indirect account access. Indirect sort code access is where the indirect PSP has their own sort code and will issue their own account numbers to their customers. Indirect account access is where the indirect PSP receives all the funds into one sort code and account number, then the payments are allocated out using internal systems. And some may use a mix of these two models.
- 4.14** In the first instance, we are proposing that for Metric C data, sending PSPs should identify and report receiving PSP data at the sort-code level, via the Extended Industry Sort Code Directory (EISCD) listings. This will require sponsor PSPs to ensure that for indirect sort code access clients, their EISCD listing is up-to-date and that the indirect PSP is properly identifiable.
- 4.15** Depending on the model adopted by sponsor PSPs, some indirect PSPs, where they have their own unique sort code, may be identified directly as receiving parties at this first stage. However, there will remain some indirect PSPs that do not have a separate unique sort code. In this case, their Metric C results will remain aggregated within the overall results for the sponsor PSP.
- 4.16** Our policy objective is to be able to identify the final recipient PSP. By publishing performance data (for the most significant firms), we will place reputational incentives on those receiving PSPs, to take more effective measures to prevent fraud and to encourage these PSPs to pursue the recovery of funds for victims of APP Scams. Even for smaller receiving PSPs, where we do not publish this data, we can pursue compliance action privately with these PSPs if needed, including liaising with other relevant regulators, such as the Financial Conduct Authority (FCA) and Prudential Regulation Authority (PRA).
- 4.17** We are mindful of stakeholders' concerns, that the inclusion of indirect PSPs' APP scam fraud within a sponsor PSP's numbers, may distort the performance presented for that sponsor. Nevertheless, where a sponsor is unable to disaggregate their data, we believe that it is right to publish their overall aggregate performance, because by publishing this data, we will still incentivise them to look at where issues lie and to develop the necessary capability to disaggregate this data.
- 4.18** We also see value in allowing sponsor banks to submit disaggregated details of indirect account access PSPs' fraud levels – if these are known and of sufficient quality. This can be provided to us with supporting evidence, and we will consider this data and may publish it, if we are satisfied as to its validity.
- 4.19** By allowing disaggregated data to be submitted to us, we are incentivising sponsor PSPs to better identify and report fraud at their indirect PSPs. We also note, as we have done earlier, that the recipient PSPs, may not be fully aware of all frauds. In this instance, it may be further complicated by the indirect account access arrangement where a sending bank may be able to identify the ultimate beneficiary and contact them directly, and not the sponsor, or where the sending bank is unaware of the indirect account access relationship and contacts the sponsor instead. For this reason, we require supporting evidence before we would be able to publish any information.
- 4.20** In summary and in terms of what is published, where sponsor PSPs are able to provide us with disaggregated data and we are satisfied with it, that is the data that we will publish. However, where a sponsor PSP is unable to disaggregate their data, we will publish the aggregated result for them.

New Metric C Process for receiving PSPs' APP scam rates

4.21 At the start of this chapter, we outlined our proposed new process for Metric C (please see Figure 2). In this section we provide further details of our proposals.

Initial selection of firms and compiling the final lists:

4.22 Once we receive data from the directed sending PSPs, we will identify which PSPs will be included in the Metric C publication. We will do this based on a set of criteria, including: those PSPs that receive the largest amounts of fraud; those that receive the largest amounts of total payments; and those that have the highest rate of fraud as a share of their total payments. This will ensure the biggest impact through our intervention. For smaller firms falling outside this range, we will still be able to pursue compliance with them directly, without needing to publish results.

4.23 We think that 20 is the right number of firms to draw our final published output from. Too few firms would limit the amount of information available to consumers. Too many firms would risk losing the focus of consumers.

4.24 At a working level, during the process we propose to initially gather data from a wider list of 25 firms. This is because some firms will fall on the boundary between being in the top 20 or outside it. However, once their data has been finalised, we will be more confident of the exact cut-off and will narrow to a final selection of 20 for publication.

4.25 Initially, there will be two lists of 25 – one by volume and one by value. Across both lists, the total number of firms concerned may exceed 25, since there may be some differences between the two lists.

4.26 The final published output will be drawn from the two lists of 20, one by volume and one by value. For each of these lists, we might rank by absolute amount or by rate of fraud. We will retain flexibility as to how we present this data and which elements to publish.

Timelines and reporting periods for our new process

4.27 In terms of our proposed approach as outlined at Figure 2, we propose the following timings for the process:

Action	Timing
PSR to receive data from sending PSPs	Month 1
PSR to contact the 25 PSPs who are most significant (and to provide a breakdown of their results by each of the 14 sending PSPs)	Month 2 (Week 1)
Receiving PSPs can check data, can request breakdown from sending PSPs	Month 2 (Week 2)
Sending PSPs provide breakdown to receiving PSPs	Month 2 (Week 3)

Action	Timing
Receiving PSPs review detailed breakdown and submit request for revision to sending PSPs	Month 3
Sending PSPs consider requests for revisions and re-submit revised data to PSR	Month 4
PSR to review the data, prudential considerations, prepare publication formats	Months 5 and 6

4.28 We have considered respondents' views to our consultation that the timings we proposed (20 days) for validation were not sufficient and presented significant challenges. We subsequently engaged further with stakeholders. We propose that giving receiving PSPs one month to review the data provided by sending PSPs and to request a revision would allow sufficient time for receiving PSPs to analyse the data and collate the relevant evidence to support their request.

4.29 We also propose that one month for sending PSPs to consider, investigate and evaluate the evidence provided by receiving PSPs is sufficient.

4.30 In the first publication of Metric C data in October 2023, we are proposing that the following reporting periods are covered:

- H1 2022: January 2022 to June 2022
- H2 2022: July 2022 to December 2022.

4.31 Both periods will be reported at the same time in the first publication. In the second publication, we will introduce a regular six-monthly cycle, with a six-month difference between the end of the reporting period and publication. The second publication will cover H1 2023. We will require PSPs to prepare data in mid-2023, and we intend to publish the second cycle of data in January 2024.

4.32 We recognise that between April and June 2023 firms will be preparing data for the two periods: H1 2022 and H2 2022. Then immediately after that, firms will be preparing data for the period H1 2023, between July and October 2023. However, after this transition the cycle will settle, with firms preparing data every six months only.

Disputes between sending PSPs and receiving PSPs

4.33 To ensure that the Metric C data remains relevant when published, we have proposed that publication should take place six months after the respective reporting period. As such, we expect sending and receiving PSPs to work together and avoid protracted discussions on the accuracy of the data. We would only expect receiving PSPs to challenge data where their concerns might lead to a significant impact for them. Therefore, they should limit their challenge to only the relevant sending PSPs and the transactions that were material to their concerns.

- 4.34** To keep the checking process balanced, receiving PSPs should only make one request to sending PSPs for their results to be altered. Sending PSPs can then consider, as a whole, all the information provided. It is therefore in the receiving PSPs' interests to provide all the relevant information at that time to the sending PSP before they make a final decision.
- 4.35** This does not prevent two-way discussions and exchanges of information between the parties, before the receiving PSPs make their request for a change to the sending PSP.

Publication formats

- 4.36** We are not seeking views from stakeholders, on our approach to publication. However, we think it's important to set out our current thinking on the potential forms that publication may take, and for stakeholders to understand how their data may be used and presented. Separately, we also intend to seek advice from relevant consumer experts, on how best to present our data to a consumer audience.
- 4.37** Since we consulted in November 2021, our position on how this data will be presented has not changed significantly. However, we have given more consideration to the potential ways that we might present this data. Below are three broad examples of our current thinking:
- **Groups:** we could categorise the 20 PSPs into several groups or bands like quartiles, and list the PSPs in each group.
 - **Top/bottom only:** we could list the three to five worst performers and perhaps the three to five best performers too (but not those firms in the middle).
 - **Ranking:** a simple ranking of the worst to the best, across the 20 receiving PSPs.
- 4.38** A further consideration is how much additional information we should reveal, alongside the categorisations. Options include:
- simply reporting the ranking of firms within the categories
 - reporting the relative performances of firms
 - reporting the actual performance of firms (for example, absolute amounts received, or rates of fraud received)
- 4.39** We are also considering ways of automating the extraction, manipulation and compilation of the data by others, such as price comparison websites and media/journalists. Therefore, tools such as application programming interface⁷ (API) formats may be developed for the future.

⁷ An API is a form of software that allows two applications to work with each other and exchange information.

Process for issuing and updating publication formats

- 4.40** We think it's important to have flexibility in the way we publish Metric C data. As such, the PSR proposes to keep publication formats under review and develop/update them as we go along. This will allow us to 'learn-as-we-go' in terms of what works well. In addition, we can adjust formats to suit current areas of focus and assimilate developments in the market, and if we consider there are more effective ways to achieve our objectives.
- 4.41** We do not, therefore, propose to set out one form of publication format in the direction and apply it to all future reporting periods.
- 4.42** Instead, we will specify publication formats in the reporting guidance. We will update the reporting guidance with each new reporting period (at six-monthly intervals) or confirm that there is no change. This approach should give us the flexibility to adjust as appropriate.
- 4.43** In some cases, after issuing the reporting guidance, we may want to further refine the exact presentation of the data, to take account of the results for that period, the current context and what are the important aspects and trends to highlight. In this situation, we would advise directed PSPs of the exact format required and this would supersede the format previously set out in the reporting guidance for that period.

Prudential considerations

- 4.44** Publishing data about poor performance, could, in principle, have prudential implications for some smaller PSPs. We continue to work with the FCA and the Prudential Regulation Authority (PRA) on how prudential risks to individual small PSPs would be monitored and managed, including by sharing relevant data with other regulators, where appropriate.

5 Next steps

- 5.1** Following our publication of this document on 8th. December 2022, we are giving respondents over five weeks to respond, with a deadline of 17 January 2023.
- 5.2** You can provide feedback by emailing us at appscamsdata@psr.org.uk. We would be grateful if you could provide your response in a Microsoft Word document (with a PDF version if desired).
- 5.3** We will make all non-confidential responses available for public inspection. If your submission includes confidential information, **please also provide a non-confidential version suitable for publication.**

Timetable

Q1 2023	We will consider the responses to this consultation and decide on next steps. We will also seek comments on the reporting guidance. And we will consider issuing guidance to receiving PSPs.
March 2023	We will publish a policy statement, direction, reporting guidance and template for Measure 1 – the publication of scam data.
April 2023	Directed PSPs will be expected to submit data to us for the H1 2022 and H2 2022 periods.
May 2023	<p>We will inform receiving PSPs who are in the top 25 lists and provide a copy of their results, broken down by directed PSP.</p> <p>Receiving PSPs have the option to request a breakdown from individual directed PSPs.</p> <p>Each directed PSP must provide a breakdown to receiving PSPs.</p>
June 2023	Receiving PSPs may check their data and submit requests to directed PSPs for an adjustment, supported by evidence where possible.
July 2023	<p>Directed PSPs review and decide whether to adjust data.</p> <p>Directed PSPs submit revised data to us.</p> <p>Sponsor PSPs may submit disaggregated data to us for consideration.</p>
Oct 2023	We will publish Measure 1 data for H1 2022 and H2 2022.
H2 2023	Second cycle: PSPs submit data to us relating to the period H1 2023.

Annex 1

Cost benefit analysis – update for revised Metric C process

- 1.1** In our consultation in November, we identified three main areas where we expected the proposed publication of data on PSPs' performance, in relation to APP scams, to generate benefits and five main areas where we expected the proposed policy to lead to increased costs.⁸
- 1.2** On benefits, we identified:
- a. a direct benefit from consumers having more information when selecting a PSP
 - b. two indirect benefits from the reputational incentives that publication would generate, which we expected to lead to PSPs improving both their APP scam prevention rates and their victim reimbursement rates
- 1.3** On costs, we pointed to:
- a. the (direct) costs to PSPs of collating and reporting the relevant data
 - b. an indirect cost from the reputational incentives that would lead to PSPs increasing their investment in APP scam fraud prevention
 - c. three indirect effects from the publication of APP scams data: the risk of unintended facilitation of fraud (by identifying poorly-performing PSPs in terms of fraud detection and prevention); the potential exclusion of vulnerable customers in accessing current accounts (due to PSPs implementing stricter checks on new accounts); and the risk of incorrect reputation damage to PSPs (if stakeholders misinterpret the published metrics)
- 1.4** We concluded that, considering these impacts against each other, the benefits of publishing the three proposed metrics were likely to significantly outweigh the costs. We sought to account for the likely timeframe over which these impacts would be realised. We recognised that some impacts, potentially the largest costs, may occur immediately and materialise mostly at the beginning of the policy, while most benefits may take some time to fully materialise, but would continue throughout the period that the policy was in force – for example, the stronger incentives on PSPs to improve their prevention of APP scam fraud.

8 CP21/10, [Authorised Push Payment \(APP\) scams](#) (November 2021), Annex 1.

- 1.5** This annex briefly summarises respondents' views on that cost benefit analysis, and then points to one area where the relevant costs of our proposed policy are likely to now be lower, given our revised approach to the validation of APP scam data for Metric C. We will set out our conclusions on whether and how the cost benefit analysis should change – based on respondents' views on other areas of the policy and on any new evidence – in our policy statement covering the broader Measure 1 policy, currently planned for March next year.

Respondents' views on our draft assessment

- 1.6** Chapter 3 summarises respondents' views on the data collection and validation process for Metric C. In this section, we summarise respondents' views on the cost benefit analysis set out in the November consultation – more broadly, rather than in relation to the specific costs and benefits of the Metric C data process. We received 17 responses to our initial consultation, which specifically addressed our cost benefit analysis: six respondents agreed with our assessment of the benefits and costs; and six took the view that the benefits were overstated and/or costs were understated. The remaining five respondents disagreed with the cost benefit analysis (CBA) altogether.
- 1.7** Of the six respondents that argued that the benefits were overstated or the costs were understated:
- a. Two (one industry body and one PSP), pointing to understated costs, criticised the analysis for failing to take into consideration the cost of added friction to payment journeys and the subsequent potential customer dissatisfaction that may arise, due to PSPs introducing new measures or technologies to reduce the incidence of APP scams.
 - b. Five respondents argued that the CBA underestimated the cost of introducing a new data reporting and publication regime, with most pointing to the disproportionate costs this would put on the directed PSPs.
- 1.8** Four respondents disagreed with our analysis of the reputational incentives that would arise from publishing fraud data at the PSP level. One PSP and an industry body that felt the benefits were overstated, argued that the impact would not be as significant as the analysis assumed. Another PSP, that disagreed with the approach to the CBA, argued that the proposed data metrics and performance statistics for PSPs would not change either customers' habits nor the behaviour of the PSPs in question. One PSP, while agreeing with the CBA, highlighted the risk that publishing fraud data could unfavourably skew the public perception of UK banks as compared to international ones, given that the PSR's proposal to publish data only applies to domestic UK banks.
- 1.9** Of the five respondents that disagreed with the approach to the cost benefit analysis:
- a. One industry body criticised its robustness in relation to the impact of the proposals for smaller PSPs. The respondent also argued that the CBA did not include a detailed or quantitative analysis regarding the cost of Metric C. Another PSP agreed with this criticism, further claiming that there was no evidence that the PSR had undertaken an assessment of Measure 1, nor the interplay with its statutory objectives to advance competition and innovation.

- b. Two respondents disagreed with the topics that the CBA focused on in the consultation. One PSP encouraged the PSR to measure APP scam performance more widely than just reimbursement, by including preventions and the coverage of protections, such as Confirmation of Payee – for example, low reimbursement rates are seen in the context of a member failing to refund innocent victims, but could in fact reflect a strong control environment and high prevention rates. Another third-party solution supplier argued for implementing functional solutions, that prevent fraud at the root cause, rather than reporting numbers which are a symptom of rising APP fraud.

Impact of our revised approach to Metric C on our assessment

- 1.10** As summarised above, five respondents pointed to the costs of new data reporting, disclosure and validation, as proposed in our original consultation. Our proposed revised approach to validating data between sending and receiving PSPs, under Metric C (as set out in chapter 4), should reduce the relevant costs. This is because it gives receiving PSPs the option to request access to the data that sending PSPs have submitted. In contrast, our original proposal had required sending PSPs to engage with c.25 receiving PSPs, in order to verify and validate the data. As such, the costs to PSPs of validating APP scam data under Metric C are now likely to be reduced. We have not identified any other material changes to the relevant benefits and costs that we had set out in the draft CBA in our November consultation paper. Given this, our conclusion in the November consultation paper, that the benefits of publishing these metrics is likely to substantially outweigh the costs, has not changed.
- 1.11** We welcome any views or evidence in response to this consultation paper on whether this revised Metric C process would impact other relevant costs or benefits, or have other effects that we have not identified here.
- 1.12** As set out in chapter 5, we plan to publish a final policy statement on Measure 1 in March next year. The cost benefit analysis that will form part of that statement will reflect this change to the relevant costs, as well as incorporating any changes based on respondents' views on other costs and benefits and any new evidence that has been submitted since our November consultation. That wider assessment is not presented here, as this re-consultation is focused solely on one specific proposed change to our approach to Metric C only.

Annex 2

Equality impact assessment

In line with our public sector equality duty under the Equality Act 2010, we must assess the likely equality impacts for any measures that we propose and consult on.

- 2.1** In line with our public sector equality duty under the Equality Act, we must assess the likely equality impacts and rationale for any measures we propose and consult on. In this annex, we explore the potential impacts of the proposals we are considering (and their implementation), including on those with relevant protected characteristics.⁹
- 2.2** In developing our proposals, we have considered the matters set out in section 149 of the Equality Act 2010 (the public sector equality duty), particularly the impact of our proposed direction on people with protected characteristics. We have also considered those matters in developing the draft direction implementing Measure 1, including when deciding whether to propose a direction, who to direct and what should be in the direction.
- 2.3** Measure 1 would provide reputational incentives both to prevent APP scams and to reimburse customers affected by APP scams. When we consulted on Measure 1 in November 2021, we asked for stakeholder's views on the impact of our proposals on individuals with protected characteristics and considered that our Measure 1 proposals should have a positive impact on all those who use payment systems, including those with protected characteristics. This is because the measures should reduce the risk of APP scams happening and the risk of consumers becoming a victim of an APP scam.
- 2.4** However, we considered that when implementing Measure 1, we would need to consider the risk of a reduction or ceasing use of banking or payment services, by customers with these protected characteristics, because their awareness and/or their reluctance to use some payment methods, might increase due to the increased availability of APP scam figures.
- 2.5** To mitigate potential adverse impacts, we will make it clear to PSPs that they must ensure that they meet the needs of groups considered to be vulnerable. For example, we will make it clear that customers more at risk of being victims, should not be refused or denied payment services, in order to 'improve' a PSP's APP scam figures that are to be published under Measure 1. We also expect PSPs to continue to treat all prospective customers equally, regardless of their vulnerability to APP scams. We will monitor the impact of our proposals and take action if adverse impacts are noted.

⁹ The relevant protected characteristics under section 149 are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, and sexual orientation.

- 2.6** In relation to this consultation, on the new approach around the Metric C process, we have not had heard any views from our original consultation and our subsequent engagement with stakeholders, or had sight of any new information that alters our original assessment of the impact of the policy on individuals with protected characteristics.

Annex 3

Draft Specific Direction [XX] (Publication of APP scams information)

DRAFT Specific Direction X requiring publication of information relating to authorised push payment scams

Specific Direction
(Publication of APP scams information)

December 2022

Specific Direction (Publication of APP scams information)

1 Recitals

Whereas:

- 1.1 Authorised push payment (APP) scams occur when a fraudster tricks someone into sending money to an account that the payer believes is legitimate but is in fact controlled by the fraudster, or the purposes of the payment are fraudulent, even though the payer believes them to be legitimate.
- 1.2 People and businesses who make payments using payment systems have an interest in being protected against APP scams.
- 1.3 Faster Payments is a push payment system used for sending money between different payment service providers (PSPs) in the United Kingdom. More than 90% of APP scams happen over Faster Payments. Therefore, a significant reduction in APP scam payments across Faster Payments will significantly reduce the number of APP scam payments overall.
- 1.4 The Payment Systems Regulator (PSR) has decided to publish data about APP scams involving Faster Payments, and about how PSPs respond to them. The PSR considers that this will give PSPs a greater incentive to:
 - prevent APP scams
 - reimburse consumers where appropriate
- 1.5 This direction is addressed to specified PSPs in the 12 largest UK banking groups, and the two largest independent banks in Northern Ireland, measured in terms of the number of payments they send across Faster Payments. In the first half of 2021, these groups together accounted by volume for over 95% of Faster Payments transactions and the vast majority of APP scam payments sent over Faster Payments. By directing these PSPs, the PSR will cover the vast majority of APP scam payments over Faster Payments.

- 1.6** The PSR has decided to require the directed PSPs to provide information about APP scam payments they have sent. The PSR will compile comparisons of the information for each directed PSP and certain receiving PSPs, and will publish these comparisons or extracts of these comparisons periodically. The PSR will also require the directed PSPs to publish the comparisons or extracts of them periodically.

2 Powers exercised and purpose

- 2.1** The Faster Payments Scheme is designated by the Treasury as a regulated payment system under section 43 of the Financial Services (Banking Reform) Act 2013 (FSBRA) for the purposes of Part 5 FSBRA.
- 2.2** The PSR makes this direction under section 54 (Regulatory and competition functions – directions) FSBRA. In accordance with section 54(3)(c), this direction applies to persons of a specified description.
- 2.3** The purpose of this direction is to require directed PSPs to provide specified information to the PSR, to require directed PSPs to assist receiving PSPs should they wish to verify their information, and to require publication of comparisons or extracts of comparisons the PSR prepares using that information.

Direction

NOW the PSR gives the following specific direction to:

AIB Group (UK) plc

Bank of Scotland plc

Barclays Bank UK plc

Clydesdale Bank plc

The Co-operative Bank plc

HSBC UK Bank plc

Lloyds Bank plc

Metro Bank plc

Monzo Bank Limited

National Westminster Bank plc

Nationwide Building Society

Northern Bank Limited

Royal Bank of Scotland plc

Santander UK plc

Starling Bank Limited

TSB Bank plc

Ulster Bank Limited

Virgin Money UK plc¹

¹ Bank of Scotland plc, and Lloyds Bank plc are part of the Lloyds Group; Barclays Bank UK plc is part of the Barclays Group; HSBC UK Bank plc is part of the HSBC Group; National Westminster Bank plc, Royal Bank of Scotland plc and Ulster Bank Limited are part of the NatWest Group; Santander UK plc is part of the Santander Group; Northern Bank Limited is a member of the Danske Bank Group; TSB Bank is part of the Sabadell group; Virgin Money UK plc and Clydesdale Bank plc are part of the Virgin Money UK Group.

3 General provisions

The scope of this direction

- 3.1** This direction applies in relation to consumer payments, including APP scam payments, executed through Faster Payments, where both the sending PSP and the receiving PSP are located in the UK.

Requirements for preparing and publishing information

- 3.2** A directed PSP must:
- a. ensure any information it prepares or publishes under this direction is complete and accurate
 - b. comply with any requirements concerning the preparation, content, presentation or publication of that information that the PSR notifies it of in writing or publishes in any guidance
- 3.3** 'In writing' in this direction includes by means of publication on the PSR's website in any form.
- 3.4** Such requirements may cover any matter the PSR considers necessary or appropriate, including:
- a. the methodology for collecting or preparing information to be shared with the PSR or another PSP
 - b. the form a directed PSP must use to present information to the PSR or another PSP
 - c. the timing and manner of any publication required by this direction or that the PSR requires in writing or in any guidance it publishes
 - d. how a directed PSP must break down information it shares or publishes, including displaying information separately for different types of cases (such as different levels of loss arising from APP scam payments)

4 Key definitions

Definitions relating to APP scams

- 4.1** In this direction:
- a. 'APP scam case' means a fraudulent act, or a fraudulent course of conduct, that leads to one or more APP scam payments.

- b. 'APP scam payment' means a payment that is executed by the sending PSP in accordance with an authorisation given by its customer, where the customer has been deceived into granting that authorisation as part of an APP scam. This includes scams where:
 - 1. the payer intends to transfer the funds to a person other than the recipient, but is deceived into transferring the funds to the recipient; or
 - 2. the payer intends to transfer the funds to the recipient, but is deceived as to the purposes for which they are transferring the funds
- c. 'APP scam payment' does not include any payment type which is explicitly excluded from the scope of this direction by the PSR from time to time in any published guidance.
- d. 'Authorisation' in the context of a payment means that the payer has given its consent to:
 - 1. the execution of the payment transaction; or
 - 2. the execution of a series of payment transactions of which that payment transaction forms part
- e. 'APP scam recovery' means the partial or full return of funds relating to an APP scam, recovered from an account at the receiving PSP, or recovered from an account or individual to whom the funds have subsequently been transferred.

Publication months and related dates or periods

4.2 In this direction, in relation to a calendar year:

- a. 'publication month' means each of the months mentioned in the first column of Table 1
- b. the 'first PSR reporting day' for a publication month is the day specified in the second column of Table 1, in the row for that publication month
- c. the 'final PSR reporting day' for a publication month is the day specified in the third column of Table 1, in the row for that publication month
- d. the 'reporting period' for a publication month is the period specified in the fourth column of Table 1, in the row for that publication month

Table 1: Publication months, PSR reporting days and reporting periods

Publication month	First PSR reporting day	Final PSR reporting day	Reporting period
January	The first working day in August in the calendar year before the publication month.	The first working day in November in the calendar year before the publication month.	The period from the beginning of January to the end of June in the calendar year before the publication month.
July	The first working day in February in the same calendar year as the publication month.	The first working day in May in the same calendar year as the publication month.	The period from the beginning of July to the end of December in the calendar year before the publication month.

4.3 The first publication month as set out in paragraph 4.2 is January 2024. Paragraph 4.2 then applies as long as this direction continues in force.

4.4 Prior to the first publication month there will be an initial period of reporting and publication, as follows:

- a. the initial publication month is October 2023
- b. the 'first PSR reporting day' for the initial publication month is the first working day in May 2023
- c. the 'final PSR reporting day' for the initial publication month is the first working day in August 2023
- d. the 'reporting period' for the initial publication month is the period from the beginning of January 2022 until the end of December 2022. This period must be reported in two separate halves:
 1. the period from the beginning of January 2022 until the end of June 2022
 2. the period from the beginning of July 2022 until the end of December 2022

5 Reporting periods, APP scam cases, APP scam payments and APP scam recoveries

5.1 Any information about payments, APP scam cases, APP scam payments or APP scam recoveries that a directed PSP provides under this direction in relation to a publication month must relate to the reporting period for that publication month.

5.2 For the purposes of this direction:

- a. A payment is deemed to be made in a reporting period if the payer's instruction to their PSP to make the payment is given in that reporting period.
- b. An APP scam case is deemed to occur in a reporting period if the directed PSP has closed the APP scam case during that reporting period.
- c. An APP scam payment is deemed to be made in a reporting period if the directed PSP has closed the APP scam case relating to that payment during that reporting period.
- d. An APP scam recovery is deemed to be made in a reporting period if the directed PSP has received the funds during that reporting period. Note that this is irrespective of whether the APP scam case that the APP scam recovery relates to was closed and reported in a previous reporting period.

6 Provision of information to the PSR for publication

6.1 A directed PSP must provide the PSR with the information specified in paragraph 6.2 by the first PSR reporting day for each publication month.

6.2 The information is:

- a. in relation to APP scam cases or APP scam payments in which the directed PSP is the sending PSP:
 - 1. the proportion by number of those APP scam cases in which the directed PSP does not reimburse its customer (whether using the directed PSP's own funds or its customer's recovered funds)
 - 2. the proportion by number of those APP scam cases in which the directed PSP partially reimburses its customer (whether using the directed PSP's own funds or its customer's recovered funds)
 - 3. the proportion by value of losses arising from those APP scam cases that the directed PSP does not fully reimburse (whether using the PSP's own funds or its customer's recovered funds)
 - 4. the proportion of the total number of consumer payments the directed PSP sends that are APP scam payments
 - 5. the proportion of the total value of consumer payments the directed PSP sends that is made up of APP scam payments
 - 6. any additional information the PSR may require from time to time in any published guidance

b. in relation to receiving PSPs:

1. the name of each PSP that the directed PSP makes one or more consumer payments to (each an 'identified receiving PSP')
2. the total value of APP scam payments the directed PSP sends to each identified receiving PSP that are consumer payments (the identified receiving PSP's 'APP scam receipt value total')
3. the total value of APP scam recoveries that each identified receiving PSP returns to the directed PSP during the reporting period (the identified receiving PSP's 'APP scam recovery value total')
4. the total value of consumer payments the directed PSP sends to each identified receiving PSP (the identified receiving PSP's 'consumer payment value total')
5. the total number of APP scam payments the directed PSP sends to each identified receiving PSP that are consumer payments (the identified receiving PSP's 'APP scam receipt number total')
6. the total number of consumer payments the directed PSP sends to each identified receiving PSP (the identified receiving PSP's 'consumer payment number total')
7. any additional information the PSR may require from time to time in any published guidance

7 Verification of receiving PSP information

- 7.1** For each publication month, a directed PSP must complete the steps set out in paragraph 7.2.

Consideration of comments from receiving PSPs

- 7.2** A directed PSP must:
- a. Respond to any request from a specified receiving PSP (see definition) for further detail and supporting evidence relating to the information specified in paragraph 6.2(b) ('receiving-PSP information') which relates to that specified receiving PSP. This must be provided within one week of receiving that request. This sub-paragraph applies for a period starting on the first PSR reporting day and ending one week before the date which is two calendar months after the first PSR reporting day.
 - b. Once the process outlined in paragraph 7.2(a) is complete, respond promptly to any further request from a specified receiving PSP for additional information and assist the specified receiving PSP in checking the data provided by the directed PSP. This sub-paragraph applies for a period starting on the first PSR reporting day and ending two calendar months after the first PSR reporting day.

- c. Consider any information (including supporting evidence) or representations in relation to the receiving-PSP information which relates to any specified receiving PSP and is provided to the directed PSP within two calendar months of the first PSR reporting day.
- d. Make any adjustments to the receiving-PSP information, for a specified receiving PSP, that are appropriate as a result of any comments the specified receiving PSP has made to it (including supporting reasons and evidence) as set out in paragraph 7.2(c).
- e. Give a specified receiving PSP the revised receiving-PSP information and a reasoned written explanation of how it has taken account of the specified receiving PSP's comments under paragraph 7.2(c) above, together with any supporting evidence the directed PSP has relied upon in completing the steps at paragraphs 7.2(c) and (d), including where the directed PSP has decided not to make adjustments.
- f. By the final reporting day give the PSR, for each specified receiving PSP:
 - the revised receiving-PSP information
 - details of any adjustments it has made to the receiving-PSP information under this paragraph
 - a copy of any information provided to a specified receiving PSP under paragraph 7.2(e)
 - the number of requests made under paragraph 7.2(a) which the directed PSP took longer than one week to respond to, if any

7.3 A directed PSP must take any guidance the PSR publishes into account when it completes the steps set out at paragraph 7.2.

7.4 A directed PSP must give the PSR by the final PSR reporting day either:

- a. the information referred to at paragraph 7.2(f), or
- b. a confirmation that the directed PSP has not made any adjustments to the information specified in paragraph 6.2(b) which was provided to the PSR on the first PSR reporting day, together with a copy of any information provided to a specified receiving PSP under paragraph 7.2(e)

8 Publication of information provided by the PSR

8.1 A directed PSP must publish information in each publication month, on a day specified by the PSR ('the publication date'), that the PSR provides to it, showing:

- a. a comparison or any extract of a comparison of, for each directed PSP, each of the six categories of information listed in paragraph 6.2(a)

- b. for each specified receiving PSP, except where the PSR provides a shortlist of specified receiving PSPs in writing in advance of the publication date, the comparison or extract of the comparison of the information derived from each of the seven categories of information listed in paragraph 6.2(b).

8.2 The PSR will provide detail to directed PSPs of the information to be published under paragraph 8.1 in writing three working days before the publication date, along with any further instructions as to format beyond those contained in published guidance.

8.3 The directed PSP must display the information:

- a. in the form the PSR specifies in published guidance or in writing
- b. prominently on its personal banking homepage for at least 12 months, unless the PSR provides otherwise in writing or in published guidance
- c. no more than one click away from the most recent information published under this section until at least five years after publication, unless the PSR provides otherwise in writing or in published guidance
- d. in accordance with any other requirements of a kind mentioned in paragraph 3.2(b)

8.4 For the purposes of paragraph 8.3(b), 'prominently' means in such a way that the information will come to the attention of a consumer looking for that information (for example, to help them decide whether to open a current account with a directed PSP).

9 Assurance of information

9.1 A directed PSP must ensure that information it provides to the PSR under paragraphs 6 and 7.4 is assured by a letter, signed by the chief financial officer of the directed PSP (or a person in an equivalent or more senior position), confirming that the information is complete and accurate and that it has prepared the information in accordance with:

- a. this direction
- b. any requirements the PSR makes known to the directed PSP in writing or publishes in guidance

9.2 The letter at paragraph 9.1 above must be provided to the PSR by the final PSR reporting day.

10 Correction of published information

- 10.1** If a directed PSP finds an error in any information it reports to the PSR under this direction that may be materially misleading, it must notify the PSR of the error immediately and:
- a. explain the error
 - b. propose a way to correct the error
- 10.2** If a directed PSP finds an error as described at paragraph 10.1 during the period between the first PSR reporting day and final PSR reporting day, it must also notify any specified receiving PSP that the information relates to as soon as possible.
- 10.3** If the PSR informs a directed PSP that it must publish a corrected version of information published under this direction, the directed PSP must correct that information within ten working days in the manner the PSR specifies.

11 Monitoring

- 11.1** The PSR may, in writing, require a directed PSP to provide it with information (including clarification) about how the PSP is complying, or proposes to comply, with:
- a. this direction
 - b. any requirements the PSR makes known in writing to the directed PSP or publishes in guidance
- 11.2** The PSP must provide the information by the date the PSR specifies.

12 Application

- 12.1** This direction applies to the directed PSPs.

13 Commencement and duration

- 13.1** This specific direction comes into force on [DATE].
- 13.2** This specific direction shall cease to be in force five years after the date on which it comes into force, unless, prior to that date:
- a. it is varied or extended by the PSR, and
 - b. the directed PSPs are notified of this change in writing

- 13.3** The PSR may review this specific direction at any point prior to the date on which it ceases to be in force.

14 Citation

- 14.1** This specific direction may be cited as Specific Direction [XX] (Publication of APP scams information).

15 Interpretation

- 15.1** The headings and titles used in this specific direction are for convenience and have no legal effect.
- 15.2** The Interpretation Act 1978 applies to this specific direction as if it were an Act of Parliament, except where words and expressions are expressly defined.
- 15.3** References to any statute or statutory provisions must be construed as references to that statute or statutory provision as amended, re-enacted or modified, whether by statute or otherwise.
- 15.4** In this specific direction, the word 'including' shall mean including without limitation or prejudice to the generality of any description, definition, term or phrase preceding that word and the word 'include' and its derivatives shall be construed accordingly.
- 15.5** In this specific direction:
- **APP scam case** has the meaning given by paragraph 4.1(a) (*key definitions*).
 - **APP scam payment** has the meaning given by paragraph 4.1(b) (*key definitions*).
 - **APP scam receipt number total** has the meaning given by paragraph 6.2(b)(5) (*provision of information to PSR to be prepared for publication*).
 - **APP scam receipt value total** has the meaning given by paragraph 6.2(b)(2) (*provision of information to PSR to be prepared for publication*).
 - **APP scam recovery** has the meaning given by paragraph 4.1(e) (*key definitions*).
 - **APP scam recovery value total** has the meaning given by paragraph 6.2(b)(3) (*provision of information to PSR to be prepared for publication*).
 - **Closed APP scam case** means an APP scam case where the directed PSP has completed investigation of the case and made a decision on whether to reimburse the customer.

- **Consumer** means:
 - an individual who, when participating in a payment transaction to which this direction applies, acts for purposes other than a trade, business or profession
 - an enterprise which, at the time of participating in a payment transaction to which this direction applies, is a micro-enterprise as defined in Article 1 and Article 2(1) and (3) of the Annex to Recommendation 2003/361/EC of 6 May 2003 concerning the definition of micro, small and medium-sized enterprises, or
 - a body which, at the time of participating in a payment transaction to which this direction applies, has an annual income of less than £1 million and is:
 - in England and Wales, a charity as defined by section 1(1) of the Charities Act 2011 (meaning of 'charity')
 - in Scotland, a charity as defined by section 106 of the Charities and Trustee Investment (Scotland) Act 2005 (general interpretation)
 - in Northern Ireland, a charity as defined by section 1(1) of the Charities Act (Northern Ireland) 2008 (meaning of 'charity')
- **Consumer payment** means a payment made by a consumer.
- **Consumer payment number total** has the meaning given by paragraph 6.2(b)(6) (*provision of information to PSR to be prepared for publication*).
- **Consumer payment value total** has the meaning given by paragraph 6.2(b)(4) (*provision of information to PSR to be prepared for publication*).
- **Faster Payments** means the Faster Payments Scheme.
- **First PSR reporting day** has the meaning given by paragraph 4.2(b) (*key definitions*).
- **Final PSR reporting day** has the meaning given by paragraph 4.2(c) (*key definitions*).
- **FSBRA** means the Financial Services (Banking Reform) Act 2013.
- **Identified receiving PSP** has the meaning given by paragraph 6.2(b)(1) (*provision of information to PSR for publication*).
- **Payment system** has the meaning given by section 41 FSBRA.
- **Payment Systems Regulator** or **PSR** means the body corporate established under Part 5 FSBRA.
- **PSP** means a payment service provider within the meaning of section 42 FSBRA.
- **Publication month** has the meaning given by paragraph 4.2(a) (*key definitions*).

- **Receiving PSP** means, in relation to a payment transaction (including an APP scam payment), the PSP that receives the funds in that transaction.
- **Receiving-PSP Information** has the meaning given by paragraph 7.2(a).
- **Reporting period** has the meaning given by paragraph 4.2(d) (*key definitions*).
- **Sending PSP** means, in relation to a payment transaction (including an APP scam payment), the PSP that executes a payment order to transfer funds to the recipient in that transaction.
- **Specified receiving PSP** means any identified receiving PSP which the PSR has notified in writing to that PSP and to all directed PSPs, within the period between the first PSR reporting day and the final PSR reporting day.
- **Working day** means any day which is not a Saturday, a Sunday, Christmas Day, Good Friday or a day which is a bank holiday in England and Wales under the Banking and Financial Dealings Act 1971.

Made on [DATE]

Chris Hemsley
Managing Director
Payment Systems Regulator

Annex 4

Draft Specific Direction [XX] (Publication of APP scams information)

Showing changes to November 2021 draft

DRAFT Specific Direction X requiring publication of information relating to authorised push payment scams

Specific Direction
(Publication of APP scams information)

December 2022

This annex shows the changes we have made to the direction we consulted on in our [consultation paper CP21/10](#) (November 2021). Additions are in green and underlined. ~~Deleted text is set in red and shown struck through.~~

DRAFT

Specific Direction (Publication of APP scams information)

1 Recitals

Whereas:

- 1.1 Authorised push payment (APP) scams occur when a fraudster tricks someone into sending money to an account that the payer believes is legitimate but is in fact ~~under the control of the fraudster~~ controlled by the fraudster, or the purposes of the payment are fraudulent, even though the payer believes them to be legitimate.
- 1.2 ~~These~~ People and businesses who make payments using payment systems have an interest in being protected against ~~the risk of~~ APP scams.
- 1.3 ~~The~~ Faster Payments ~~Scheme~~ is a push payment system used for sending money between different payment service providers (PSPs) in the United Kingdom. More than 90% of APP scams happen over Faster Payments. Therefore, a significant reduction in APP scam payments across Faster Payments will significantly reduce the number of APP scam payments overall.
- 1.4 The Payment Systems Regulator (PSR) ~~considers that increasing transparency of~~ has decided to publish data about APP scams involving ~~payment services providers (PSPs) executing payments across~~ Faster Payments, and about how PSPs respond to ~~those APP scams, them. The PSR considers that this~~ will give PSPs ~~whose information is published~~ a greater incentive to:
- prevent APP scams ~~and to~~
 - reimburse consumers where appropriate.
- 1.5 This direction is addressed to specified PSPs in the 12 largest UK banking groups, and the two largest independent banks in Northern Ireland, measured in terms of the number of payments ~~sent~~ they send across Faster Payments. In the first half of 2021, these groups together accounted by volume for over 95% of Faster Payments transactions and the vast majority of APP scam payments sent over Faster Payments. By directing these PSPs, the PSR will cover the vast majority of APP scam payments over Faster Payments.

- 1.6** The PSR has decided to require the directed PSPs to provide information about APP scam payments they have sent ~~to receiving PSPs within specified periods.~~ The PSR will compile comparisons of the information ~~relating to~~ for each directed PSP and certain receiving PSPs, and will publish these comparisons or extracts of these comparisons periodically. ~~The PSR will also~~ require the directed PSPs to publish the comparisons ~~periodically. The PSR will also publish the information about sending and receiving PSPs so that it is available in a single place~~ or extracts of them periodically.

2 Powers exercised and purpose

- 2.1** ~~The~~ Faster Payments Scheme is designated by the Treasury as a regulated payment system under section 43 of the Financial Services (Banking Reform) Act 2013 (~~the Act~~ FSBRA) for the purposes of Part 5 ~~of the Act~~ FSBRA.
- 2.2** The PSR makes this direction under section 54 (Regulatory and competition functions – directions) ~~of the Act~~ FSBRA. In accordance with section 54(3)(c), this direction applies to persons of a specified description.
- 2.3** The purpose of this direction is to require directed PSPs to provide specified information to the PSR, to require directed PSPs to assist receiving PSPs should they wish to verify their information, and to ~~publish~~ require publication of comparisons ~~prepared by or extracts of comparisons~~ the PSR prepares using that information.

Direction

NOW the PSR gives the following specific direction to ~~the directed parties~~:

AIB Group (UK) ~~Plc~~ plc

Bank of Scotland plc

Barclays Bank UK plc

~~Barclays Bank plc~~

Clydesdale Bank plc

The Co-operative Bank plc

~~HSBC Bank plc~~

HSBC UK Bank plc

Lloyds Bank plc

Metro Bank plc

Monzo Bank Limited

National Westminster Bank plc

Nationwide Building Society

Northern Bank Limited

Royal Bank of Scotland plc

Santander UK plc

Starling Bank Limited

TSB Bank plc

Ulster Bank Limited

Virgin Money UK plc¹

1 Bank of Scotland plc, and Lloyds Bank plc are part of the Lloyds Group; Barclays Bank UK plc ~~and Barclays Bank plc~~ are is part of the Barclays Group; HSBC ~~Bank plc and HSBC UK Bank plc~~ are is part of the HSBC Group; National Westminster Bank plc, Royal Bank of Scotland plc and Ulster Bank Limited are part of the ~~NatWest~~ NatWest Group; Santander UK plc is part of the Santander Group; Northern Bank Limited is a member of the Danske Bank Group; TSB Bank is part of the Sabadell group; Virgin Money UK plc and Clydesdale Bank plc are part of the Virgin Money UK Group.

3 General provisions

~~Scope~~ The scope of this direction

- 3.1** This direction applies in relation to consumer payments, including APP scam payments, executed through Faster Payments ~~–~~, where both the sending PSP and the receiving PSP are located in the UK.

Requirements for preparing and publishing information

- 3.2** A directed PSP must:
- a. ensure any information it prepares or publishes under this direction is complete and accurate
 - b. comply with any requirements concerning the preparation, content, presentation or ~~content~~ publication of that information that the PSR notifies ~~to it of~~ in writing ~~from time to time~~, or ~~that the PSR includes~~ publishes in any ~~published~~ guidance

- 3.3** ~~Any such~~ 'In writing' in this direction includes by means of publication on the PSR's website in any form.

- 3.3.4** Such requirements may cover any matter the PSR considers necessary or appropriate, including:
- a. the methodology for collecting or preparing information to be shared with the PSR or ~~a~~ another PSP
 - b. the form a directed PSP must use to present information to the PSR or ~~a~~ another PSP
 - c. the timing and manner of any publication required by this direction or ~~by that~~ the PSR requires in writing or in any guidance it publishes
 - d. how a directed PSP must break down information it shares or publishes, including displaying ~~the~~ information separately for different types of cases (such as different levels of loss arising from APP scam payments)

4 Key definitions

Definitions relating to APP scams

- 4.1** In this direction:
- a. 'APP scam case' means a fraudulent act, or a fraudulent course of conduct, that leads to one or more APP scam payments.

- b. 'APP scam payment' means a payment that is executed by the sending PSP in accordance with an authorisation ~~(within the meaning of regulation 67 of the Payment Services Regulations 2017)~~ given by its customer ~~but~~, where the customer ~~is~~ has been deceived into granting that authorisation as part of an APP scam, ~~including because:-~~ This includes scams where:
1. the payer intends to transfer the funds to a person other than the recipient, but is deceived into transferring the funds to the recipient; or
 2. the payer intends to transfer the funds to the recipient ~~for~~, but is deceived as to the purposes ~~the payer believes are legitimate but for~~ which they are in fact fraudulent ~~transferring the funds~~
- c. 'APP scam payment' does not include any payment type which is explicitly excluded from the scope of this direction by the PSR from time to time in any published guidance.
- d. 'Authorisation' in the context of a payment means that the payer has given its consent to:
1. the execution of the payment transaction; or
 2. the execution of a series of payment transactions of which that payment transaction forms part
- e. 'APP scam recovery' means the partial or full return of funds relating to an APP scam, recovered from an account at the receiving PSP, or recovered from an account or individual to whom the funds have subsequently been transferred.

Publication months and related dates or periods

4.2 In this direction, in relation to a calendar year:

- a. 'publication month' means each of the months mentioned in the first column of Table 1
- b. the 'first PSR reporting day' for a publication month is the day ~~mentioned~~ specified in the second column of Table 1, in the row for that publication month
- c. the 'final PSR reporting day' for a publication month is the day specified in the third column of Table 1, in the row for that publication month
- ~~e.~~ d. the 'reporting period' for a publication month is the period specified in the ~~third~~ fourth column of Table 1, in the row for that publication month

Table 1: ~~publication~~Publication months, PSR reporting days and reporting periods

1- Publication Month month	2-First PSR Reporting Dayreporting day	Final PSR reporting day	3-Reporting Period period
January	The first working day in October <u>August</u> in the calendar year before the publication month.	<u>The first working day in November in the calendar year before the publication month.</u>	The period from the beginning of January to the end of June in the calendar year before the publication month.
July	The first working day in April <u>February</u> in the same calendar year as the publication month.	<u>The first working day in May in the same calendar year as the publication month.</u>	The period from the beginning of July to the end of December in the calendar year before the publication month.

4.3 The first publication month as set out in paragraph 4.2 is January 2024. Paragraph 4.2 then applies as long as this direction continues in force.

4.4 Prior to the first publication month there will be an initial period of reporting and publication, as follows:

- a. the initial publication month is October 2023
- b. the 'first PSR reporting day' for the initial publication month is the first working day in May 2023
- c. the 'final PSR reporting day' for the initial publication month is the first working day in August 2023
- d. the 'reporting period' for the initial publication month is the period from the beginning of January 2022 until the end of December 2022. This period must be reported in two separate halves:
 1. the period from the beginning of January 2022 until the end of June 2022
 2. the period from the beginning of July 2022 until the end of December 2022

5 Reporting periods, APP scam cases~~and~~, APP scam paymentsand APP scam recoveries

5.1 Any information about payments, APP scam cases~~, APP scam payments~~ or APP scam ~~payments~~recoveries that a directed PSP provides ~~to the PSR or another PSP~~ under this

direction in relation to a publication month must relate to the reporting period for that publication month.

~~5.2 Any information about payments, APP scam cases or APP scam payments published by a directed PSP under this direction in a publication month must relate to the reporting period for that publication month.~~

~~5.3~~5.2 For the purposes of this direction:

a. ~~a~~An payment is deemed to be made in a reporting period if the payer's instruction to their PSP to make the payment is given in that reporting period.

b. ~~an~~An APP scam case is deemed to occur ~~wholly~~ in a reporting period if ~~in the directed PSP has closed the APP scam case during~~ that reporting period.

~~1. a payment resulting from that APP scam case is first reported as a potential APP scam payment to the sending PSP for the payment~~

~~2. the sending PSP for a payment resulting from that APP scam case identifies the payment as a potential APP scam payment~~

c. ~~an~~An APP scam payment is deemed to be made in a reporting period if ~~in the directed PSP has closed the APP scam case relating to that payment during~~ that reporting period.

~~e.~~d. An APP scam recovery is deemed to be made in a reporting period if the directed PSP has received the funds during that reporting period~~:-~~. Note that this is irrespective of whether the APP scam case that the APP scam recovery relates to was closed and reported in a previous reporting period.

~~3. the APP scam payment is first reported as a potential APP scam payment to the sending PSP for that APP scam payment~~

~~4. the sending PSP for that APP scam payment identifies the payment as a potential APP scam payment~~

6 Provision of information to the PSR ~~to be prepared~~ for publication

6.1 A directed PSP must provide the PSR with the information specified in paragraph ~~6.26.2~~ by the first PSR reporting day for each publication month.

6.2 The information is:

a. in relation to APP scam cases or APP scam payments in which the directed PSP is the sending PSP:

~~5.3.~~ the proportion by number of those APP scam cases in which the directed PSP's customer is PSP does not fully reimbursed by the directed PSP reimburse its customer (whether using the directed PSP's own funds or its customer's recovered funds ~~of its customer~~)

~~4.~~ the proportion by number of total losses arising from those APP scam payments that is not reimbursed by cases in which the directed PSP partially reimburses its customer (whether using the directed PSP's own funds or its customer's recovered funds)

~~6.5.~~ the proportion by value of its customer losses arising from those APP scam cases that the directed PSP does not fully reimburse (whether using the PSP's own funds or its customer's recovered funds)

~~7.6.~~ the proportion of the total number of consumer payments the directed PSP sends that are APP scam payments

~~8.7.~~ the total value of those APP scam payments that are consumer payments, as a the proportion of the total value of consumer payments sent by the directed PSP sends that is made up of APP scam payments

8. any additional information the PSR may require from time to time in any published guidance

b. in relation to receiving PSPs:

1. the name of each PSP that the directed PSP makes one or more APP scam consumer payments to (each an 'identified receiving PSP')
2. the total value of APP scam payments the directed PSP sends to each identified receiving PSP that are consumer payments (each an the identified receiving PSP's 'APP scam receipt value total')
3. the total amount value of funds forming part of the APP scam receipt total recoveries that each specified identified receiving PSP returns to the directed PSP (each a 'repatriation during the reporting period (the identified receiving PSP's 'APP scam recovery value total')
4. the total value of consumer payments the directed PSP sends to each identified receiving PSP (each a the identified receiving PSP's 'consumer payment value total')
5. the total number of APP scam payments the directed PSP sends to each identified receiving PSP that are consumer payments (the identified receiving PSP's 'APP scam receipt number total')
6. the total number of consumer payments the directed PSP sends to each identified receiving PSP (the identified receiving PSP's 'consumer payment number total')
7. any additional information the PSR may require from time to time in any published guidance

7 Verification of receiving PSP information

7.1 For each publication month, a directed PSP must complete the steps set out in ~~this section within 20 working days following the day on which the PSR provides the directed PSP with the information set out in paragraph 7.2.~~ paragraph 7.2.

~~**7.2** The information mentioned in paragraph 7.1 is the names of the receiving PSPs that the PSR has determined must be included in information to be published under section 8 for that publication month (each a 'specified receiving PSP').~~

~~Notification of information to receiving PSPs~~

~~**7.3** A directed PSP must give each specified receiving PSP:~~

- ~~a. the APP scam receipt total, repatriation total and consumer payment total for that specified receiving PSP (together the 'receiving PSP information')~~
- ~~b. any other information the specified receiving PSP reasonably requires to assess the receiving PSP information~~

~~**7.4** A directed PSP must also give each specified receiving PSP a statement that:~~

- ~~a. the directed PSP has submitted the receiving PSP information to the PSR to form the basis of information to be published during the relevant publication month by
 - ~~1. the PSR~~
 - ~~2. directed PSPs, under this direction~~~~
- ~~b. the specified receiving PSP may request further information it reasonably requires to assess the receiving PSP information before the end of the period of five working days beginning on the day it receives the receiving PSP information (the 'request period')~~
- ~~c. the specified receiving PSP may give the directed PSP comments on the receiving PSP information, or the preparation of that information, to enable the directed PSP to determine whether it is appropriate to make any adjustments to the receiving PSP information~~
- ~~d. any comments must be:
 - ~~1. provided before the end of the period of ten working days beginning on the day the specified receiving PSP receives the receiving PSP information (the 'response period')~~
 - ~~2. supported by reasons and, so far as reasonably possible, evidence~~~~

Consideration of comments from receiving PSPs

7.57.2 A directed PSP must ~~promptly~~:

- a. ~~respond~~ Respond to any request from a specified receiving PSP (see definition) for further detail and supporting evidence relating to the information specified in the paragraph 6.2(b) ('receiving-PSP information') which relates to that specified receiving PSP. This must be provided within one week of receiving that request. This sub-paragraph applies for a period starting on the first PSR reporting day and ending one week before the date which is two calendar months after the first PSR reporting day.
- b. ~~make~~ Once the process outlined in paragraph 7.2(a) is complete, respond promptly to any further request from a specified receiving PSP for additional information and assist the specified receiving PSP in checking the data provided by the directed PSP. This sub-paragraph applies for a period starting on the first PSR reporting day and ending two calendar months after the first PSR reporting day.
- c. Consider any information (including supporting evidence) or representations in relation to the receiving-PSP information which relates to any specified receiving PSP and is provided to the directed PSP within two calendar months of the first PSR reporting day.
- ~~b.d.~~ ~~Make~~ any adjustments to the receiving-PSP information, for a specified receiving PSP, that are appropriate as a result of any comments the specified receiving PSP has made to it (including ~~the~~ supporting reasons and evidence) ~~received from that specified receiving PSP in the response period~~ as set out in paragraph 7.2(c).
- ~~e.e.~~ ~~provide that~~ Give a specified receiving PSP the revised receiving-PSP information and a reasoned written explanation of how it has taken account of each such comment ~~the specified receiving PSP's comments under paragraph 7.2(c) above,~~ together with any supporting evidence the directed PSP has relied upon in completing the steps at paragraphs 7.2(c) and (d), including where the directed PSP has decided not to make adjustments.
- f. ~~provide~~ By the final reporting day give the PSR, for each specified receiving PSP,
 - the revised receiving-PSP information
 - details of any adjustments it has made to the receiving-PSP information under this paragraph ~~and~~
 - a copy of ~~the~~ any information provided to a specified receiving PSP under paragraph 7.5(e)-2(e)
 - the number of requests made under paragraph 7.2(a) which the directed PSP took longer than one week to respond to, if any

7.3 A directed PSP must take any guidance the PSR publishes into account when it completes the steps set out at paragraph 7.2.

7.4 A directed PSP must give the PSR by the final PSR reporting day either:

- a. the information referred to at paragraph 7.2(f), or
- b. a confirmation that the directed PSP has not made any adjustments to the information specified in paragraph 6.2(b) which was provided to the PSR on the first PSR reporting day, together with a copy of any information provided to a specified receiving PSP under paragraph 7.2(e)

8 Publication of information provided by the PSR

8.1 A directed PSP must publish information in each publication month, on a day specified by the PSR, (‘the publication date’), that ~~is provided to it by the PSR and shows a comparison of~~ provides to it, showing:

- ~~a. for each specified receiving PSP, the aggregate APP scam receipt total net as a proportion of its repatriation total, for each directed PSP as a proportion, each of the aggregate of its consumer payment total for each directed PSP~~ a comparison or any extract of its
- ~~a. for each directed PSP, each of the four~~ six categories of information listed in paragraph 6.2(a)

8.2 ~~The information must be displayed:~~

- b. for each specified receiving PSP, except where the PSR provides a shortlist of specified receiving PSPs in writing in advance of the publication date, the comparison or extract of the comparison of the information derived from each of the seven categories of information listed in paragraph 6.2(b).

8.2 The PSR will provide detail to directed PSPs of the information to be published under paragraph 8.1 in writing three working days before the publication date, along with any further instructions as to format beyond those contained in published guidance.

8.3 The directed PSP must display the information:

- a. in the form the PSR specifies in published guidance or in writing
- b. prominently on the directed PSP’s personal banking homepage for at least 12 months following publication, unless the PSR provides otherwise in writing or in published guidance
- c. no more than one click away from the most recent information published under this section until at least five years following publication after publication, unless the PSR provides otherwise in writing or in published guidance
- d. in accordance with any other requirements of a kind mentioned in paragraph 3.4(e) 2(b)

8.38.4 For the purposes of paragraph 8.2, ~~3(b)~~, 'prominently' means in such a way that the information will come to the attention of a consumer ~~seeking~~ looking for that information (for example, to help them decide whether to open a current account with a directed PSP).

9 Assurance of information

9.1 A directed PSP must ensure that information it provides to the PSR under ~~section paragraphs 6 and 7.4~~ is ~~accompanied~~ assured by a letter, signed by the chief financial officer of the directed PSP (or a person in an equivalent or more senior position), confirming that the information is complete and accurate and that it has prepared the information in accordance with:

- a. this direction
- b. any requirements the PSR makes known to the directed PSP in writing or ~~includes~~ publishes in guidance ~~issued by the PSR~~

9.2 The letter at paragraph 9.1 above must be provided to the PSR by the final PSR reporting day.

10 Correction of published information

10.1 If a directed PSP finds an error in any information it ~~publishes~~ reports to the PSR under this direction that may ~~make the published information~~ be materially misleading, it must notify the PSR of the error immediately and:

- a. explain the error
- b. propose a way to correct the error

10.2 If a directed PSP finds an error as described at paragraph 10.1 during the period between the first PSR reporting day and final PSR reporting day, it must also notify any specified receiving PSP that the information relates to as soon as possible.

10.2.10.3 If the PSR informs a directed PSP that it must ~~correct any~~ publish a corrected version of information published under this direction, the directed PSP must correct that information within ten working days ~~correct that information~~ in the manner the PSR specifies.

11 Monitoring

11.1 The PSR may, in writing, require a directed PSP to provide it with information (including clarification) about how the PSP is complying, or proposes to comply, with:

- a. this direction
- b. any requirements the PSR makes known in writing to the directed PSP or ~~includes~~ publishes in guidance ~~issued by the PSR~~

11.2 The PSP must provide the information by the date ~~given by~~ the PSR specifies.

12 Application

12.1 This direction applies to the directed PSPs.

13 Commencement and duration

13.1 This specific direction comes into force on [DATE].

13.2 This specific direction ~~continues~~ shall cease to be in force ~~until~~ five years after the date on which it comes into force, unless, prior to that date:

- a. it is varied or ~~revoked~~ extended by the PSR, and
- b. the directed PSPs are notified of this change in writing

~~13.2~~ **13.3** The PSR may review this specific direction at any point prior to the date on which it ceases to be in force.

14 Citation

14.1 This specific direction may be cited as Specific Direction [XX] (Publication of APP scams information).

15 Interpretation

15.1 The headings and titles used in this specific direction are for convenience and have no legal effect.

15.2 The Interpretation Act 1978 applies to this specific direction as if it were an Act of Parliament, except where words and expressions are expressly defined.

15.3 References to any statute or statutory provisions must be construed as references to that statute or statutory provision as amended, re-enacted or modified, whether by statute or otherwise.

15.4 In this specific direction, the word 'including' shall mean including without limitation or prejudice to the generality of any description, definition, term or phrase preceding that word and the word 'include' and its derivatives shall be construed accordingly.

15.5 In this specific direction:

- ~~Act means the Financial Services (Banking Reform) Act 2013.~~
- **APP Scam Case** scam case has the meaning given by paragraph 4.1(a) (key definitions).
- **APP Scam Payment** scam payment has the meaning given by paragraph 4.1(b) (key definitions).
- **APP Scam Receipt Total** scam receipt number total has the meaning given by paragraph 6.2(b)(5) (provision of information to PSR to be prepared for publication).
- **APP scam receipt value total** has the meaning given by paragraph 6.2(b)(2) (provision of information to PSR to be prepared for publication).
- **APP scam recovery** has the meaning given by paragraph 4.1(e) (key definitions).
- **APP scam recovery value total** has the meaning given by paragraph 6.2(b)(3) (provision of information to PSR to be prepared for publication).
- **Closed APP scam case** means an APP scam case where the directed PSP has completed investigation of the case and made a decision on whether to reimburse the customer.
- **Consumer** means:
 - an individual who, when participating in a payment transaction to which this direction applies, acts for purposes other than a trade, business or profession
 - an enterprise which, at the time of participating in a payment transaction to which this direction applies, is a micro-enterprise as defined in Article 1 and Article 2(1) and (3) of the Annex to Recommendation 2003/361/EC of 6 May 2003 concerning the definition of micro, small and medium-sized enterprises, or
 - a body which, at the time of participating in a payment transaction to which this direction applies, has an annual income of less than £1 million and is:
 - in England and Wales, a charity as defined by section 1(1) of the Charities Act 2011 (meaning of 'charity')
 - in Scotland, a charity as defined by section 106 of the Charities and Trustee Investment (Scotland) Act 2005 (general interpretation)

- in Northern Ireland, a charity as defined by section 1(1) of the Charities Act (Northern Ireland) 2008 (meaning of 'charity')
- **Consumer ~~Payment~~payment** means a payment made by a consumer.
- **Consumer ~~Payment Total~~payment number total** has the meaning given by paragraph 6.~~2e~~2(b)(6) (*provision of information to PSR to be prepared for publication*).
- **Consumer payment value total** has the meaning given by paragraph 6.2(b)(4) (*provision of information to PSR to be prepared for publication*).
- **Faster Payments** means the Faster Payments Scheme.
- **First PSR reporting day** has the meaning given by paragraph 4.2(b) (*key definitions*).
- **Final PSR reporting day** has the meaning given by paragraph 4.2(c) (*key definitions*).
- **FSBRA** means the Financial Services (Banking Reform) Act 2013.
- **Identified ~~Receiving~~receiving PSP** has the meaning given by paragraph 6.~~2b~~2(b)(1) (*provision of information to PSR to be prepared for publication*).
- ~~**PSP** means a payment service provider within the meaning of section 42 of the Act.~~
- **Payment ~~System~~system** has the meaning given by section 41 ~~of the Act~~FSBRA.
- **Payment Systems Regulator** or **PSR** means the body corporate established under Part 5 ~~of the Act~~FSBRA.
- **~~PSR~~ PSP** means a payment service provider within the meaning of section 42 FSBRA.
- **Publication month** has the meaning given by paragraph 4.2(a) (*key definitions*).
- **Receiving PSP** means, in relation to a payment transaction (including an APP scam payment), the PSP that receives the funds in that transaction.
- **Receiving-PSP Information** has the meaning given by paragraph 7.2(a).
- ~~**Reporting ~~Day~~period** has the meaning given by paragraph 4.2b (*key definitions*).~~
- ~~**Publication Month** has the meaning given by paragraph 4.2a (*key definitions*).~~
- ~~**Reporting Period** has the meaning given by paragraph 4.2e2(d) (*key definitions*).~~
- **Sending PSP** means, in relation to a payment transaction (including an APP scam payment), the PSP that executes a payment order to transfer funds to the ~~intended~~ recipient in that transaction.

- ~~**Specified Receiving PSP** has the meaning given by paragraph 7.2 (verification of receiving PSP information).~~
- **Specified receiving PSP** means any identified receiving PSP which the PSR has notified in writing to that PSP and to all directed PSPs, within the period between the first PSR reporting day and the final PSR reporting day.
- **Working day** means any day which is not a Saturday, a Sunday, Christmas Day, Good Friday or a day which is a bank holiday in England and Wales under the Banking and Financial Dealings Act 1971.

Made on [DATE]

Chris Hemsley
Managing Director
Payment Systems Regulator

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12 Endeavour Square

London E20 1JN

Telephone: 0300 456 3677

Website: www.psr.org.uk

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