

Specific Direction 18 requiring publication of information relating to authorised push payment scams

Specific Direction 18
(Publication of APP scams information)

December 2023

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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 push payment systems have an interest in being protected against APP scams.
- 1.3** The Faster Payments scheme (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, in order to meet the objective of providing greater transparency about PSPs' APP scam levels, fraud prevention and reimbursement levels. The PSR considers that this will give PSPs a greater incentive to:
 - prevent APP scams
 - reimburse consumers where appropriate
- 1.5** This direction is given 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** Faster Payments 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 of FSBRA.
- 2.2** The PSR makes this direction under section 54 (Regulatory and competition functions – directions) of FSBRA. In accordance with section 54(3)(c), this direction applies to specified persons.
- 2.3** In making its decision to use its section 54 powers, the PSR had regard to section 62 (Duty to consider exercise of powers under the Competition Act 1998) of FSBRA.
- 2.4** 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 Nat West 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 reportable 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.
- 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 reportable APP scam payments)

4 Key definitions

Definitions relating to reportable APP scams

4.1 In this direction:

- a. 'Reportable APP scam case' means a fraudulent act, or a fraudulent course of conduct, that leads to one or more reportable APP scam payments.
- b. 'Reportable APP scam payment' means a consumer payment, executed by the sending PSP in accordance with an authorisation given by its customer, to an account controlled by a person other than the 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. 'Reportable APP scam payment' does not include any consumer payment type which is explicitly excluded from the scope of this direction by the PSR in 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. 'Reportable APP scam recovery' means the partial or full return of funds relating to a reportable APP scam case, recovered from an account at the receiving PSP, or recovered from an account or individual to whom the funds have subsequently been transferred.

4.2 A directed PSP must follow any guidance the PSR may publish from time to time on the key definitions set out in paragraph 4.1.

Publication months and related dates or periods

- 4.3** In this direction, in relation to a calendar year:
- a. 'publication month' means the month set out at Annex 1 of the Reporting Guidance
 - b. the 'first PSR reporting day' for a publication month is the day specified at Annex 1 of the Reporting Guidance
 - c. the 'final PSR reporting day' for a publication month is the day specified at Annex 1 of the Reporting Guidance
 - d. the 'reporting period' for a publication month is the period specified at paragraphs 3.1 and 5.13 of the Reporting Guidance
- 4.4** The PSR will provide at least two months' notice of any amendment in the Reporting Guidance to the publication month, reporting days or reporting period.

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

- 5.1** Any information about consumer payments, reportable APP scam cases, reportable APP scam payments or reportable 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 consumer 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. a reportable APP scam case is deemed to occur in a reporting period if the directed PSP has closed the reportable APP scam case during that reporting period
 - c. a reportable APP scam payment is deemed to be made in a reporting period if the directed PSP has closed the reportable APP scam case relating to that payment during that reporting period
 - d. a reportable 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 reportable APP scam case that the reportable 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 reportable APP scam cases or reportable APP scam payments in which the directed PSP is the sending PSP:
 1. the proportion by number of those reportable 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 reportable 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 reportable 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 reportable APP scam payments
 5. the proportion of the total value of consumer payments the directed PSP sends that is made up of reportable 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 reportable APP scam payments the directed PSP sends to each identified receiving PSP (the identified receiving PSP's 'APP scam receipt value total')
 3. the total value of reportable 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 reportable APP scam payments the directed PSP sends to each identified receiving PSP (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 in accordance with the dates sets out at Annex 1 of the Reporting Guidance.
 - 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.
 - c. consider any material 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 in accordance with the dates sets out at Annex 1 of the Reporting Guidance.
 - 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
 - copies of any information or representations received under paragraph 7.2(c)
 - 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 the dates specified in Annex 1 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 PSR guidance will set out the circumstances in which a directed PSP must regard information or representations as set out in paragraph 7.2(c) as 'material'. Where no such guidance is available, directed PSPs must regard any such information or representations as 'material'.

7.5 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 or representations provided by a specified receiving PSP under paragraph 7.2(c) and 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 Revocation of original Specific Direction 18

- 13.1** Our original Specific Direction 18, which we gave on 23 March 2023, is revoked.

14 Commencement and duration

- 14.1** This specific direction comes into force on 18 December 2023.
- 14.2** 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
- 14.3** The PSR may review this specific direction at any point prior to the date on which it ceases to be in force.

15 Citation

- 15.1** This specific direction may be cited as Specific Direction 18 (Publication of APP scams information).

16 Interpretation

- 16.1** The headings and titles used in this specific direction are for convenience and have no legal effect.
- 16.2** 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.
- 16.3** 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.
- 16.4** 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.
- 16.5** In this specific direction:
- **Account controlled by a person other than the customer** excludes a joint account which the customer has a share in.
 - **APP scam receipt number total** has the meaning given by paragraph 6.2(b)(5) (*provision of information to the PSR for publication*).

- **APP scam receipt value total** has the meaning given by paragraph 6.2(b)(2) (*provision of information to the PSR for publication*).
- **APP scam recovery value total** has the meaning given by paragraph 6.2(b)(3) (*provision of information to the PSR for publication*).
- **Closed APP scam case** means an APP scam case where the directed PSP has completed an 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 the PSR for publication*).
- **Consumer payment value total** has the meaning given by paragraph 6.2(b)(4) (*provision of information to the PSR for publication*).
- **Faster Payments** means the Faster Payments Scheme.
- **Final PSR Reporting Day** has the meaning given by paragraph 4.3(c) (*Publication months and related dates or periods*).
- **First PSR reporting day** has the meaning given by paragraph 4.3(b) (*Publication months and related dates or periods*).

- **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 the PSR for publication*).
- **PSP** means a payment service provider within the meaning of section 42 of FSBRA.
- **Payment system** has the meaning given by section 41 of FSBRA.
- **Payment Systems Regulator** or **PSR** means the body corporate established under Part 5 of FSBRA.
- **Publication month** has the meaning given by paragraph 4.3(a) (*Publication months and related dates or periods*).
- **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 6.2(b) (*Provision of information to the PSR for publication*).
- **Reportable APP scam case** has the meaning given by paragraph 4.1(a) (*key definitions*).
- **Reportable APP scam payment** has the meaning given by paragraph 4.1(b) (*Key definitions*).
- **Reportable APP scam recovery** has the meaning given by paragraph 4.1(e) (*key definitions*).
- **Reporting Guidance** means the APP Scams Measure 1 Reporting Guidance published by the PSR on its website.
- **Reporting Period** has the meaning given by paragraph 4.3(d) (*Publication months and related dates or periods*).
- **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.

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