

Consolidated policy statement

APP scams reimbursement requirement

May 2025

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1 Executive summary

- 1.1** In a series of publications beginning with *PS23/3: Fighting authorised push payment fraud: a new reimbursement requirement*, we set out how we would introduce a new reimbursement requirement for authorised push payment (APP) fraud within the Faster Payments system. That requirement came into effect on 7 October 2024.
- 1.2** This document aims to consolidate our previous publications and provide a single point of reference for those who wish to understand our reimbursement requirement and how it may affect them. In addition, in February 2024, we invited interested parties to write to us if they wanted us to clarify any areas of our APP scam reimbursement requirement policy that they were unsure about, or if they felt the words in our previous publications were ambiguous. Chapter Five of this document includes summaries of the most significant and frequently asked questions we received.
- 1.3** We are issuing this document as general guidance. Although this is intended to help readers interpret our policy, our definitive requirements are set out in our legal instruments, which are on our website.¹ Pay.UK, as the Payment System Operator for Faster Payments, maintains the Faster Payments reimbursement rules which are on its website.² If any of the contents of this document vary with either our legal instruments or the Faster Payments reimbursement rules, the latter two prevail.
- 1.4** We have also published our requirements for reimbursement of APP fraud committed over the CHAPS payment system. Those requirements are substantially the same as for Faster Payments and, except where otherwise indicated, this document applies to payments made over both Faster Payments and CHAPS. The Bank of England, as the Payment System Operator for CHAPS, maintains the CHAPS reimbursement rules which are on its website. If any of the contents of this document vary with either our legal instruments or the CHAPS reimbursement rules, the latter two prevail.
- 1.5** We will aim to keep this document under review and, if need be, updated in line with any material revisions we make to our reimbursement requirement. We will communicate any such revisions and, if need be, consult on them before we formally announce or implement them.

¹ www.psr.org.uk/our-work/app-scams/

² www.wearepay.uk/wp-content/uploads/2024/12/FPS-Reimbursement-Rules-Schedule-4.pdf

2 Our approach

Authorised push payments (APPs) are a type of electronic transfer payment order. In the UK, most APPs are made over a payment system called Faster Payments, an inter-bank facility operated by Pay.UK.

In 2023, Parliament enacted the Financial Services and Markets Act 2023 which required us to introduce a reimbursement requirement for qualifying cases of APP scam fraud. We have implemented Parliament's requirement by using our legal powers to require Pay.UK, the operator of Faster Payments, to introduce Faster Payments scheme rules that give effect to the reimbursement policy, and for all PSPs to comply with Pay.UK's scheme rules.

Alongside our June 2023 policy statement, the Bank of England (as the operator of CHAPS) announced that it was committed to achieving comparable protection for consumers using CHAPS. We have supported the Bank's commitment by issuing a separate legal instrument for CHAPS.

Authorised push payment scams

- 2.1** Most people encounter APPs when they log in online to their payment account and choose to send a payment by entering the account number and sort code of a recipient, then authorising the sending ('pushing') of a payment to the recipient account they have designated. This method can be used to pay for a wide range of goods and services.
- 2.2** APP scams are a type of fraud whereby a consumer is deceived into voluntarily sending an APP to either an unintended recipient, or for an unintended purpose.
- 2.3** In the UK, most APPs are made over Faster Payments, a service operated by a not-for-profit organisation called Pay.UK, which is itself jointly owned by a subset of the UK's major banks. A number of APP scams occur over a payment system called CHAPS.

The Financial Services and Markets Act 2023

- 2.4** Section 72(1) of the Financial Services and Markets Act 2023 (FSMA 2023) required us to 'prepare and publish a draft of a relevant requirement for reimbursement in such qualifying cases of payment orders as the Regulator considers should be eligible for reimbursement'. Section 71(2) adds that 'a 'qualifying case' is where '(a) the case relates to a payment order executed over the Faster Payments Scheme, and (b) the payment order was executed subsequent to fraud or dishonesty'.³

3 Financial Services and Markets Act 2023: www.legislation.gov.uk/ukpga/2023/29/section/72

- 2.5** The reimbursement requirement we have introduced following FSMA 2023 applies to payments – executed by the sending payment service provider (PSP) following an authorisation given by its consumer – to an account controlled by a person other than the consumer, where the consumer has been deceived into granting that authorisation as part of an APP fraud case. This includes where:
- the payer intends to transfer the funds to a person other than the recipient, but is deceived into transferring the funds to the recipient
 - the payer intends to transfer the funds to the recipient but is deceived as to the purposes of the funds they are transferring
- 2.6** All types of APP fraud, regardless of the character or methods of the fraud itself, are within the scope of the new reimbursement requirement.

How we have implemented Parliament’s legislative requirements

- 2.7** We are an independent regulator established by Parliament under the Financial Services (Banking Reform) Act 2013 (FSBRA 2013).⁴ Under this, we must exercise our regulatory functions in relation to any payment system designated by statutory order by His Majesty’s Treasury (HMT). To date, there are ten such orders in effect.⁵
- 2.8** Each designated payment system has a responsible payment system operator (PSO), an organisation responsible for its day-to-day administration. It must create and oversee rules for the operation of that system, and is subject to our regulatory supervision. Pay.UK is the PSO for Faster Payments, and the PSO for CHAPS is the Bank.⁶
- 2.9** To implement Parliament’s requirements, we issued a series of legal instruments through our powers under FSBRA 2013. The object of those instruments was to embed our reimbursement policy into the Faster Payments rules, and require in-scope PSPs to comply with the Faster Payments reimbursement rules and CHAPS reimbursement rules.

Table 1: Summary of our APP scams legal instruments

Specific Requirement 1	Requires Pay.UK to place into the Faster Payments Scheme Rules our reimbursement requirement, to be known as the Faster Payments reimbursement rules, and for that requirement to extend to directed PSPs which provide relevant accounts and use Faster Payments.
Specific Direction 19	Requires Pay.UK to put in place mechanisms to monitor and improve the compliance of directed PSPs with the reimbursement requirement, and to collect compliance information from directed PSPs and report that information to the PSR. ⁷

4 www.legislation.gov.uk/ukpga/2013/33/contents

5 www.psr.org.uk/how-we-regulate/who-we-regulate/

6 The PSR does not have any statutory authority over the Bank of England.

7 www.psr.org.uk/media/cbrcixgu/amended-specific-direction-19-july-2024.pdf

Specific Direction 20	Requires Faster Payments directed PSPs to comply with the Faster Payments reimbursement rules issued by Pay.UK.
Specific Direction 21	Creates a similar and parallel set of obligations for PSPs that participate in CHAPS by requiring CHAPS-directed PSPs to comply with the CHAPS reimbursement rules issued by the Bank.

2.10 Copies of our legal instruments are available on our website.⁸

The role of Pay.UK

2.11 Our goal is for Pay.UK, as the relevant PSO, to run Faster Payments in a way that ensures that consumers are protected, and fraud is prevented from entering the system. In 2022, we published our five-year strategy, and set out that we wanted to give Pay.UK a stronger role to lead the development of protections for payment system users.⁹

2.12 Our view is that Pay.UK is the appropriate body in the long term to make, maintain, refine, monitor, and enforce day-to-day compliance with comprehensive scheme rules that address fraud risks in the system.

2.13 As the operator of Faster Payments, Pay.UK has created a compliance and monitoring regime for all requirements across all in-scope PSPs (including indirect participants), as required by Specific Direction 19.¹⁰ While this approach acknowledges that, in conjunction with industry, Pay.UK is best positioned to assess the most effective and efficient monitoring approach, we require Pay.UK to make the data it collates for compliance and monitoring available to us, so that we can be satisfied PSPs are complying with our reimbursement requirement.

The role of the Bank

2.14 Alongside our June 2023 policy statement, the Bank (as the operator of CHAPS) announced that it was committed to achieving comparable protections for consumers using CHAPS.¹¹ While the focus of CHAPS is wholesale payments, it is also used by consumers for some high-value and/or time-sensitive transactions, including asset purchases. It is high-confidence as both the payer and the recipient know when the payment has been processed. Ensuring those consumers are sufficiently protected when using the UK's payment systems is a strategic priority for us.

2.15 CHAPS is a designated payment system under FSBRA 2013 and the Bank is the PSO for CHAPS. It retains responsibility for the system, including the CHAPS rules. The Bank introduced reimbursement rules for CHAPS and we used our powers under FSBRA to direct PSPs who participate in CHAPS to ensure that the CHAPS APP scam reimbursement requirement (and all related requirements, such as data retention and reporting) apply consistently to all in-scope PSPs.

⁸ www.psr.org.uk/our-work/app-scams/

⁹ www.psr.org.uk/media/k1rb52zq/psr-strategy-summary-version-jan-2022.pdf

¹⁰ www.psr.org.uk/media/cbrcixgu/amended-specific-direction-19-july-2024.pdf

¹¹ www.bankofengland.co.uk/payment-and-settlement/chaps

- 2.16** The Bank has published the CHAPS reimbursement rules, which set out the detail of how PSPs should adhere to the reimbursement requirement. It broadly aligns these to the Faster Payments reimbursement rules to the extent possible, allowing for nuances between the payment systems.¹²
- 2.17** The Bank has also developed a compliance monitoring regime for CHAPS, which is broadly consistent with the one Pay.UK has created for Faster Payments. The CHAPS data that PSPs will need to report to the Bank is set out in the CHAPS Compliance Data Reporting Standard (CCDRS). We have worked closely with the Bank to agree a process whereby it will share data with us to help us monitor compliance with SD21 and escalate potential compliance issues. To ensure that we can monitor compliance with SD21 effectively, we included within SD21 a provision that obliges in-scope PSPs to share with us a copy of any report provided to the Bank if we need it.

Possible future revisions to our legal instruments

- 2.18** We expect Pay.UK will continue to take an increasing role in maintaining and updating the Faster Payments reimbursement rules. Over time, it is likely that the operation of those reimbursement rules will improve, and we have previously explained that we will continue to support Pay.UK in making any revisions that help optimise them. In most cases, any revisions to the Faster Payments reimbursement rules will be identified, designed, and implemented by Pay.UK, and we will play a supporting role. We expect Pay.UK to work closely with the Bank to maintain alignment between the Faster Payments and CHAPS rules where appropriate.
- 2.19** Recognising that our legal instruments will likely need revising from time to time, and that those affected should be able to anticipate when those revisions may happen, we proposed that we make those changes according to the following principles:
- Wherever necessary changes to the Faster Payments reimbursement rules can be made solely by amending the scheme rules, then Pay.UK, working with PSPs and their representative bodies, should make them, with our support.
 - Wherever necessary changes to the Faster Payments reimbursement rules cannot be made without amending our legal instruments, we will try to issue amendments in April and October in any given year.
 - If an urgent change to the Faster Payments reimbursement rules is required, that cannot be made without amending our legal instruments, we may issue an amendment in months other than April and October in any given year.

¹² www.bankofengland.co.uk/-/media/boe/files/payments/chaps/chaps-reimbursement-rules-explanatory-notes.pdf

3 The policy requirements

In this chapter, we set out the policy elements of our Faster Payments and CHAPS APP scam reimbursement requirement, including in-scope consumers and transactions, and the exceptions and limitations on our policy.

We have set out the basic framework of how a PSP should receive and process a claim and determine whether that claim should result in reimbursement for the consumer.

Summary

3.1 Our reimbursement requirement has introduced consistent minimum standards to reimburse victims of APP fraud. The reimbursement requirement is underpinned by ten key policies.

Table 2: Summary of APP scams reimbursement policy

1	Reimbursement requirement for APP fraud in Faster Payments and CHAPS. Sending PSPs must reimburse all consumers who fall victim to APP fraud (noting the exceptions and limits set out in policies 3 to 10). The reimbursement requirement does not apply to civil disputes, payments which take place across other payment systems, international payments, or payments made for unlawful purposes.
2	Sharing the cost of reimbursement. Receiving PSPs must, subject to the limits set out below on page 15 of this document, pay sending PSPs 50% of the reimbursement that the sending PSP paid to the consumer. The Faster Payments and CHAPS reimbursement rules specify the time period within which receiving PSPs should reimburse sending PSPs.
3	Exceptions for APP fraud claims. There are two exceptions to reimbursement under the new reimbursement requirement. Where the consumer has acted fraudulently ('first-party fraud'), and where the consumer has acted with gross negligence. This latter exception is known as the consumer standard of caution exception.
4	Time limit to reimburse. Sending PSPs must reimburse consumers within five business days under the new reimbursement requirement. Under certain circumstances, the sending PSP can 'stop the clock'.
5	Claim excess. Sending PSPs have the option to apply a claim excess under the new reimbursement requirement. We have set the maximum permitted claim excess at £100.
6	Minimum threshold. There is no separate minimum value threshold for APP fraud claims under the new reimbursement requirement.

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- 7 Maximum level of reimbursement.** There is a maximum level of reimbursement for APP fraud claims (by value) under the new reimbursement requirement. We have set the maximum level for Faster Payments at £85,000. The Bank has set the maximum level for CHAPS at £85,000.
-
- 8 Time limit to claim.** Sending PSPs can deny APP scam claims submitted more than 13 months after the final payment in a given claim.
-
- 9 Treatment of vulnerable consumers.** The consumer standard of caution exception and claim excess must not be applied to vulnerable consumers.
-
- 10 Multi-step fraud cases are within scope.** The new reimbursement requirement applies to multi-step payments.
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Transactions within scope of the reimbursement requirement

- 3.2** The new reimbursement requirement applies to Faster Payments and CHAPS payments sent and received by PSPs in the UK across the Faster Payments system, including payment initiation service (PIS) transactions.
- 3.3** The new reimbursement requirement does not apply to:
- payments which take place across other payment systems – for example, if a consumer sends funds to their account at a crypto exchange and then pays a fraudster via a cryptocurrency
 - payments made before 7 October 2024
 - international payments¹³
 - payments made for unlawful purposes
 - civil disputes, such as where a consumer has paid a legitimate supplier for goods or services but has not received them, they are defective in some way, or the consumer is otherwise dissatisfied with the supplier.
- 3.4** Civil disputes do not meet our definition of an APP fraud as the consumer has not been deceived. The law already protects consumer rights when purchasing goods and services, including through the Consumer Rights Act. We have produced separate guidance for PSPs that helps them distinguish between an APP scam and a civil dispute.¹⁴

¹³ Please note Page 27, which provides further guidance on borderless accounts which may be within scope of the reimbursement requirement.

¹⁴ www.psr.org.uk/publications/policy-statements/ps246-supporting-the-identification-of-app-scams-and-civil-disputes/

PSPs within scope of the reimbursement requirement

- 3.5** The reimbursement requirement applies to all PSPs participating in the Faster Payments Scheme and/or CHAPS, whether directly or indirectly, that offer relevant accounts and/or relevant CHAPS accounts.
- 3.6** A 'relevant account' or 'relevant CHAPS account' mean an account that is provided to a service user, is held in the UK, and can send or receive payments via Faster Payments and/or CHAPS, but excludes accounts provided by credit unions, municipal banks, Financial Market Infrastructures (for CHAPS), and national savings banks.¹⁵

Start date for the reimbursement requirement

- 3.7** The reimbursement requirement came into effect on 7 October 2024. This means that any reimbursable Faster Payments or CHAPS APP scam payments that took place on or after 7 October 2024 are covered by it.
- 3.8** Where any claim is made up of a series of payments, any payments made prior to the start date for the new reimbursement requirement are not covered by it.
- 3.9** The start date does not prevent PSPs from voluntarily reimbursing victims of APP fraud for any payments that took place before 7 October 2024, including providing reimbursement under the contingent reimbursement model (CRM) Code.¹⁶

Consumers covered by the reimbursement requirement

- 3.10** The new reimbursement requirement applies to APP scam payments executed by individuals, microenterprises, and charities.¹⁷ This largely echoes the scope of complainants who may apply to the Financial Ombudsman Service under the FCA's DISP rules.¹⁸

The processing of claims

- 3.11** The core process for receiving and assessing claims involves four steps:
- Step one: Consumer reports a suspected APP scam to their PSP
 - Step two: PSP gathers information and assesses whether the consumer is eligible for reimbursement
 - Step three: Eligible claims are reimbursed to the consumer, ineligible claims are rejected
 - Step four: All receiving PSPs pay their contribution to the cost of reimbursement.

¹⁵ See also Page 30 for further guidance on relevant accounts

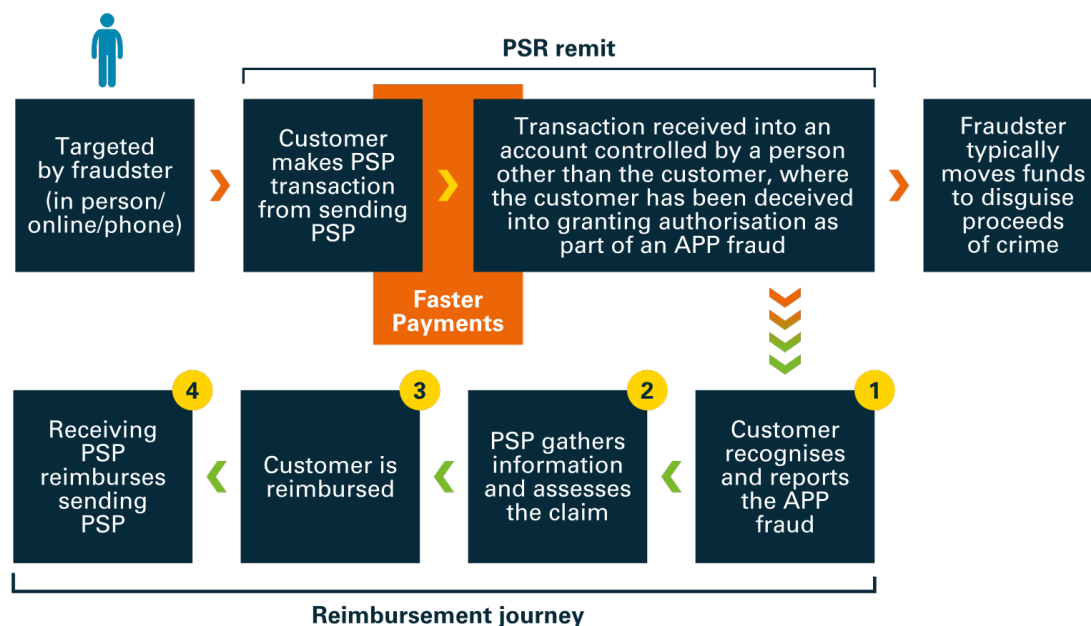
¹⁶ For more details on the CRM Code, see: www.lendingstandardsboard.org.uk/crm-code/

¹⁷ www.psr.org.uk/media/xenefhgp/amended-specific-requirement-1-july-2024-corrected.pdf p.12

¹⁸ www.handbook.fca.org.uk/handbook/DISP/2/?view=chapter DISP 2.7.3

3.12 These steps are illustrated in the diagram below.

Figure 1: A typical APP scams payment and reimbursement journey



Consumer reports a suspected APP scam

3.13 The consumer standard of caution exception requires that a consumer should, upon learning or suspecting that they have fallen victim to an APP scam, report it promptly to their sending PSP and, in any event, not more than 13 months after the date on which the last APP scam payment forming part of that claim was executed.¹⁹ PSPs should provide accessible, non-discriminatory means for consumers to notify them of suspected or actual APP scams.

3.14 Pay.UK's Faster Payments reimbursement rules (and the CHAPS reimbursement rules) require that a sending PSP, when receiving an APP scam claim, must notify any receiving PSPs identified in the claim within two hours.²⁰ Where a PSP, 'knows' or 'suspects' that a person is engaged in money laundering or dealing in criminal property, they must submit a Suspicious Activity Report, and follow any legal obligations they are subject to.²¹

Sending PSP assesses the claim

3.15 The Faster Payments and CHAPS reimbursement rules require that the sending PSP must notify all receiving PSPs of the existence of a claim, and give those receiving PSPs an opportunity to provide evidence that has a bearing on the determination of a claim.²² The sending PSP has the sole responsibility for determining whether a claim qualifies for reimbursement. We expect sending PSPs to gather and take into account all relevant evidence when processing a claim.

¹⁹ For more details about the consumer standard of caution exception, see page 15.

²⁰ Rule 4.1 of the Faster Payments reimbursement rules - www.wearepay.uk/wp-content/uploads/2024/12/FPS-Reimbursement-Rules-Schedule-4.pdf

²¹ For more information on Suspicious Activity Reports, see: www.nationalcrimeagency.gov.uk/what-we-do/crime-threats/money-laundering-and-illicit-finance/suspicious-activity-reports

²² Rule 4.2 and 4.3 of the Faster Payments reimbursement rules - www.wearepay.uk/wp-content/uploads/2024/12/FPS-Reimbursement-Rules-Schedule-4.pdf

3.16 The consumer standard of caution exception requires that the consumer should respond to any reasonable and proportionate requests for information made by their sending PSP for any of the purposes set out in paragraph 5.4 of Specific Requirement 1, which includes:

- Gathering information from the victim(s) (or their agent) to assess whether the claim is a reimbursable APP scam claim.
- That a claims management company is submitting a legitimate claim – for example, validating that the victim has authorised the company to submit a claim.
- Gathering additional information from a victim to assess their vulnerability.²³

Sending PSP approves or rejects the claim

3.17 Once the sending PSP has completed its assessment of the claim, it should notify the consumer of the outcome and any reimbursement they will receive. Where a claim is accepted, PSPs should reimburse consumers back to the account which made the payment, unless the consumer is using a claims management company or as otherwise required by law.

3.18 A sending PSP must explain to the consumer in writing its reasons for either approving or rejecting a claim.²⁴

Sending PSP requests reimbursement contribution from receiving PSP(s)

3.19 Once the sending PSP has reimbursed the consumer, it may request reimbursement contributions from receiving PSP(s). Neither sending nor receiving PSPs can, at present, reliably detect 100% of APP fraud, but both can take steps to detect potential frauds. If they suspect fraud, they can refuse payment orders or block accounts. We consider that receiving PSPs need adequate financial incentives to do more to detect fraud and prevent fraud losses, because they provide the accounts that fraudsters control and use.

3.20 The sending PSP is solely responsible for assessing each claim and determining whether it includes any reimbursable APP scam payment.

3.21 Once a sending PSP has reimbursed their consumer the value of any reimbursable APP scam payments, the sending PSP can require 50% of the amount from receiving PSP(s). They cannot request this contribution unless and until they have reimbursed the consumer.

3.22 The amount that any receiving PSP is liable to pay is determined in accordance with paragraph 5.12 of Specific Requirement 1. It must be the lower of 50% of either:

- the amount the sending PSP has paid to the victim that is attributable to any reimbursable APP scam payments made to that receiving PSP
- or
- the required reimbursement amount that is attributable to any reimbursable APP scam payments made to that receiving PSP, if different.²⁵

²³ There are presently five permitted purposes under paragraph 5.4 of Specific Requirement 1, although two of these do not place an obligation on consumers

²⁴ Rules 4.11 and 4.12 of the Faster Payments reimbursement rules.

²⁵ Rules 5.5 and 5.6 of the FPS reimbursement rules.

- 3.23** The receiving PSP must pay the sending PSP the specified amount within a reasonable period of time, as defined by Pay.UK in the Faster Payments reimbursement rules²⁶ and by the Bank in the CHAPS reimbursement rules.
- 3.24** If the sending PSP chooses not to apply the maximum claim excess value, and where there is a single receiving PSP, that receiving PSP may deduct 50% of the maximum claim excess amount from its reimbursement contribution.
- 3.25** Where, however, there are two or more receiving PSPs, each may deduct from their reimbursement contribution 50% of the maximum claim excess, split between the receiving PSPs in proportions which equate to the proportionate value of each receiving PSP's liability for the reimbursable part of the APP scam claim.
- 3.26** In claims where there are multiple receiving PSPs, Pay.UK is responsible for setting out the way their respective contributions will be calculated.

Timelines for processing claims

- 3.27** Sending PSPs should ordinarily process claims within five business days of receiving them. Sending PSPs may 'stop the clock', which has the effect of pausing the five business day requirement, if they have sought information to assess a claim and are waiting for a response in any of the circumstances set out in paragraph 5.4 of Specific Requirement 1, namely:
- to gather information from the victim(s) (or their agent) or the receiving PSP to assess whether the claim is a reimbursable APP scam claim
 - to verify that a claims management company is submitting a legitimate claim – for example, validating that the victim has authorised the company to submit a claim
 - to gather additional information from a victim to assess their vulnerability
 - in cases where the sending PSP has evidence of fraud on the part of the person who made the APP scam claim, to gather additional information from the receiving PSP, law enforcement or other relevant parties
 - for multi-step scams, to gather additional information from the other PSPs involved
- 3.28** These are the only circumstances in which a sending PSP may 'stop the clock'. Where a sending PSP exercises the 'stop the clock' provision, the five business day reimbursement timescale is paused at the point when the sending PSP sends its request for information. The five-day clock resumes as soon as the sending PSP receives a response.
- 3.29** The sending PSP can stop the clock as many times as necessary. However, it must close the claim before the end of the 35th business day following the reporting of the APP scam claim by the victim (or their agent) to the sending PSP. A receiving PSP that a sending PSP has asked to provide information about a reported APP scam claim must respond in a timely and accurate manner.

²⁶ Rule 5.7 of the FPS reimbursement rules sets this as 'within five business days following the notification from the sending PSP that the reimbursable contribution amount is payable'.

Repatriated funds

- 3.30** We expect that sending and receiving PSPs will take all reasonable steps to secure the repatriation of funds lost to APP scams. Where a sending PSP has already reimbursed a consumer and funds are successfully repatriated, whether in whole or in part, paragraph 5.17 of Specific Requirement 1 sets out how those repatriated funds are to be apportioned between sending and receiving PSPs, and the victim. The Faster Payments reimbursement rules and CHAPS reimbursement rules provide further detail on how this should work in practice.²⁷

Exceptions and limitations

Permitted excess

- 3.31** When we published *PS23/3: Fighting authorised push payment fraud: a new reimbursement requirement*, we said that sending PSPs can apply a claim excess to manage the risk of moral hazard.²⁸ This is the risk that consumers are likely to be less cautious if they are confident they will be reimbursed. We think that an excess set at the right level will encourage consumers to exercise caution when making a payment. We also confirmed that the excess would not apply to vulnerable consumers.
- 3.32** In *PS23/4: Fighting authorised push payment scams: final decision*, we confirmed that the excess would be set at a maximum value of £100, which we felt would also minimise financial harm to consumers, while encouraging them to exercise due caution before seeking to issue payment instructions to their PSP.²⁹
- 3.33** The sending PSP, when evaluating a claim, must decide whether to apply the excess, whether at the maximum value (£100) or lower (any value up to the maximum is permitted) to a reimbursable APP scam claim. The sending PSP also has the option to not apply an excess at all.
- 3.34** If a sending PSP chose not to apply an excess, or to apply an excess below the maximum of £100, it cannot claim the amount not levied from the receiving PSP as part of the 50-50 liability split between them. All 50-50 liability splits must be calculated on the assumption that a £100 claim excess has been applied.
- 3.35** Where there are multiple receiving PSPs within a single APP scam claim, those receiving PSPs may share between them the value of 50% of the maximum claim excess amount. The share that each receiving PSP may choose to deduct from their specified amount shall be in proportion to their overall liability for the reimbursable portion of the APP scam claim in question. Proportionate liability is to be determined through provisions within the Faster Payments reimbursement rules set by Pay.UK and approved by us,³⁰ as well as the CHAPS reimbursement rules.

²⁷ Rules 6.1 to 6.5 of the FPS reimbursement rules.

²⁸ www.psr.org.uk/media/iolpbw0u/ps23-3-app-fraud-reimbursement-policy-statement-final-june-2023.pdf p. 32

²⁹ www.psr.org.uk/media/kwlgyzti/ps23-4-app-scams-policy-statement-dec-2023.pdf p.32

³⁰ Rules 5.5 and 5.6 of the FPS reimbursement rules.

Maximum reimbursement level

- 3.36** We have introduced a maximum level of reimbursement that can be awarded for any single APP scam claim. This applies to all APP scams claims made over Faster Payments and CHAPS, including claims from vulnerable consumers. This is to ensure consistency and set clear expectations for both firms and consumers.
- 3.37** We decided to set the maximum level that PSPs will have to reimburse victims of APP scams at £85,000 per claim.³¹ We anticipated that this level would mean that 99.8% of all APP scams by volume, and 90% by value, would be fully reimbursed, providing they were in scope of the policy. This level also mitigates against possible prudential risks to PSPs, thereby protecting their consumers from any potential long-term adverse impacts.
- 3.38** We are keeping the maximum reimbursement level under review and will consider it as part of our 12-month evaluation of the reimbursement policy. While the maximum level is in line with the current Financial Services Compensation Scheme (FSCS) deposit limit, it will not automatically track any changes to the FSCS limit, although we will take any such changes into account as part of our review.
- 3.39** The Bank, as the operator of CHAPS, has also set the maximum level for CHAPS APP scams to £85,000 per claim.

Consumer standard of caution

- 3.40** There are two exceptions to the general reimbursement obligation:
- where the consumer seeking reimbursement has acted fraudulently
 - where the consumer has acted with gross negligence

We explained that the latter, which we termed the consumer standard of caution, would not apply to consumers who are vulnerable.

- 3.41** The concept of negligence implies a breach of a standard of care. In our publication, *The consumer standard of caution exception* (December 2023), we specified what requirements PSPs should expect of their consumers when sending a payment as:
- **The requirement to have regard to interventions:** Consumers should have regard to specific, directed interventions made either by their sending PSP, or by a competent national authority. That intervention must offer a clear assessment of the probability that an intended payment is an APP scam payment.
 - **The prompt reporting requirement:** Consumers should, upon learning or suspecting that they have fallen victim to an APP scam, report the matter promptly to their PSP and, in any event, not more than 13 months after the last relevant payment was authorised.
 - **The information sharing requirement:** Consumers should respond to any reasonable and proportionate requests for information made by their PSP to help them assess a reimbursement claim. This includes requests under our 'stop the clock' rules.

31 www.psr.org.uk/media/e30pwll/ps24-7-app-scams-maximum-level-of-reimbursement-policy-statement-oct-2024.pdf

- **The police reporting requirement:** Consumers should, after making a reimbursement claim, and upon request by their PSP, consent to the PSP reporting to the police on the consumer's behalf or request the consumer report directly the details of an APP scam to a competent national authority.³²

- 3.42** Where a PSP can demonstrate that a consumer who has not been classed as vulnerable has, through gross negligence, not met one or more of these four requirements, the PSP is not obliged to reimburse the consumer.
- 3.43** The burden of proof falls exclusively upon the PSP to demonstrate that a consumer has acted with gross negligence. PSPs should not introduce, in their contractual agreements with their consumers, any terms and conditions that have the effect of shifting this burden of proof onto the consumer, or of requiring the consumer to disprove that they were grossly negligent.
- 3.44** Each reimbursement claim made by a consumer will need to be assessed on its individual merits to ascertain whether the consumer is eligible for reimbursement or has acted with gross negligence in not meeting the consumer standard of care. We interpret 'gross negligence' to be a higher standard than the standard of negligence under common law. The consumer needs to have shown a 'significant degree of carelessness.'
- 3.45** Alongside *The consumer standard of caution exception*, we have issued guidance to assist PSPs in operationalising our policy goals, and to set out how they should comply with their legal obligations.³³
- 3.46** The Bank has incorporated the consumer standard of caution exception into its CHAPS reimbursement rules.³⁴ As such, the exception applies equally to CHAPS payments as to those made through Faster Payments.

Vulnerable consumers

- 3.47** If, when assessing a consumer's APP scam claim, a PSP believes that the consumer is vulnerable, it cannot apply either the consumer standard of caution exception nor the permitted claim excess.
- 3.48** The FCA has comprehensive guidance for firms on the fair treatment of vulnerable consumers.³⁵ We agree with the FCA's position and want to see the fair treatment of vulnerable consumers embedded as part of firms' culture. This includes firms understanding the nature and scale of vulnerability among their current and target consumers, being able to spot signs of vulnerability, and setting up systems and processes in a way that will support and enable vulnerable consumers to disclose their needs.
- 3.49** As part of assessing an APP fraud case, the sending PSP should assess the consumer's situation and any potential vulnerability in line with the FCA's guidance: 'Firms should consider consumers' vulnerability and capacity to make decisions when deciding how to treat consumers who have been victims of scams or fraud'.³⁶

32 www.psr.org.uk/media/tbbdhkcx/sr1-consumer-standard-of-caution-exception-dec-2023.pdf

33 www.psr.org.uk/media/as3a0xan/sr1-consumer-standard-of-caution-guidance-dec-2023.pdf

34 Annex A to the CHAPS Reference Manual – CHAPS reimbursement rules, para 3.6: www.bankofengland.co.uk/-/media/boe/files/payments/chaps/chaps-reimbursement-rules-annex-1.pdf

35 <https://www.fca.org.uk/publications/finalised-guidance/guidance-firms-fair-treatment-vulnerable-customers>

36 www.fca.org.uk/publication/finalised-guidance/fq21-1.pdf

- 3.50** PSPs should evaluate each consumer's individual circumstances case-by-case to help them determine the extent to which their characteristics of vulnerability, whether temporary or enduring, led to them being defrauded, and therefore whether they meet the definition of vulnerability. This aligns with the FCA's guidance.
- 3.51** As set out in FCA guidance, '[consumers] with some characteristics of vulnerability may be more likely to fall victim to scams'.³⁷ Some types of vulnerability can impair decision-making, putting people at greater risk from social engineering and less able to exercise caution to protect themselves from APP fraud. There is therefore a weaker case for applying exceptions designed to incentivise consumer caution to these types of vulnerable consumers. If a consumer is deemed vulnerable in relation to a specific APP fraud, the sending PSP must not apply the consumer standard of caution exception or claim excess.
- 3.52** For the new reimbursement requirement, all firms should consistently apply the FCA's definition to identify consumers vulnerable to APP fraud: 'A vulnerable [consumer] is someone who, due to their personal circumstances, is especially susceptible to harm, particularly when a firm is not acting with appropriate levels of care'.³⁸ This means all firms are working to a single definition of vulnerability.
- 3.53** However, this is not a blanket exception for all consumers who exhibit any characteristics of vulnerability. PSPs are expected to comply with the FCA's guidance on vulnerability and be mindful of their obligations under the Consumer Duty.

PSP duties to amend consumers' terms and conditions

- 3.54** In *PS24/3: Faster Payments APP scams reimbursement compliance and monitoring*, we confirmed that we will require all directed PSPs capable of being a sending PSP and which provide relevant accounts to consumers, to amend the terms and conditions of their contracts with those consumers.³⁹ This clarifies the consumer's right to reimbursement and allows consumers to enforce those rights through the courts as with any other contractual obligation of the PSP included in their framework contracts.
- 3.55** We expect PSPs to make these changes as soon as is practicable and allowed them until 9 April 2025 to comply.
- 3.56** In addition to requiring PSPs to amend their terms and conditions, we required them to notify consumers of their rights, in line with how they would notify them of changes to any other service.⁴⁰ We have produced separate guidance for firms on how they may choose to fulfil this requirement.⁴¹

37 www.fca.org.uk/publication/finalised-guidance/fg21-1.pdf p.15

38 www.fca.org.uk/publication/finalised-guidance/fg21-1.pdf p.3

39 www.psr.org.uk/media/y0yfbiv1/ps24-3-fps-app-scams-reimbursement-compliance-and-monitoring-july-2024.pdf p. 33

40 www.psr.org.uk/media/y0yfbiv1/ps24-3-fps-app-scams-reimbursement-compliance-and-monitoring-july-2024.pdf p. 34

41 www.psr.org.uk/media/x4tji2en/psr-app-scams-psp-information-sheet-v3.pdf

Consumers' right to appeal to the Financial Ombudsman Service

- 3.57** If a consumer is unhappy with how their PSP has assessed their APP scam claim under our policy, then they can take their complaint to the Financial Ombudsman Service. The Financial Ombudsman Service will consider what is fair and reasonable in the circumstances.⁴²

CHAPS

- 3.58** Recognising that criminals operate across multiple payment systems, in December 2023 we committed to support the introduction of similar reimbursement requirements for CHAPS. We have continued to work closely with the Bank as it has developed its reimbursement rules.⁴³
- 3.59** We have directed in-scope CHAPS participants to reimburse their consumers who fall victim to an APP scam over CHAPS.⁴⁴
- 3.60** This direction will support effective implementation of the Bank's CHAPS reimbursement rules which contain the detailed parameters of the policy. Our direction is closely aligned with Specific Direction 20 (SD20) in Faster Payments, and the Bank's reimbursement rules are aligned with Pay.UK's reimbursement rules, to the extent possible. This approach will deliver consistent and effective consumer outcomes across CHAPS and Faster Payments for APP scams.
- 3.61** The CHAPS reimbursement requirement came into effect on 7 October 2024, the same date that the Bank's reimbursement rules came into effect, and the same date that the Faster Payments APP scams reimbursement requirement came into effect.

42 [www.financial-ombudsman.org.uk/businesses/complaints-deal/fraud-scams/app-fraud-scams-involving-
authorised-payments](https://www.financial-ombudsman.org.uk/businesses/complaints-deal/fraud-scams/app-fraud-scams-involving-authorised-payments)

43 The CHAPS reimbursement rules are available on the Bank of England's website: [www.bankofengland.co.uk/-
/media/boe/files/payments/chaps/chaps-reimbursement-rules-annex-1.pdf](https://www.bankofengland.co.uk/-/media/boe/files/payments/chaps/chaps-reimbursement-rules-annex-1.pdf)

44 www.psr.org.uk/media/yxbh4dvt/specific-direction-21-chaps-reimbursement-september-2024.pdf

4 The reporting requirement

We require PSPs to record, retain, and share information sufficient for Pay.UK as PSO to monitor compliance with the Faster Payments reimbursement rules, and for Pay.UK to make information available to us to undertake our regulatory functions.

This chapter sets out how we have implemented the reporting requirements on PSPs and Pay.UK, as well as for CHAPS.

Introduction

- 4.1** As the operator of Faster Payments, Pay.UK has created a compliance and monitoring regime for all requirements across all in-scope PSPs (including indirect participants), as required by Specific Direction 19.⁴⁵ Although this approach acknowledges that, in conjunction with industry, Pay.UK is best positioned to assess the most effective and efficient monitoring approach, we require Pay.UK to make the data it collates for compliance and monitoring available to us, so that we can be satisfied PSPs are complying with our reimbursement requirement.
- 4.2** In PS24/3, we confirmed amendments to SD19 and SD20 which enable Pay.UK to collect data from all in-scope PSPs.⁴⁶ We have specified the data that PSPs are required to collect, record, verify, and share in our Compliance Data Reporting Standards (CDRS).⁴⁷
- 4.3** Where it has the power to do so (for direct participants), Pay.UK will take steps to address non-compliance with the Faster Payments reimbursement rules. We will retain our legislative responsibility for enforcing compliance with our directions, including the compliance of in-scope indirect Faster Payments participants.

Our approach

All in-scope PSPs required to register with Pay.UK

- 4.4** We required, under Specific Direction 20, all in-scope PSPs to register with Pay.UK by 20 August 2024.

Data reporting requirements

- 4.5** The data and information that PSPs must collate, retain, and provide to Pay.UK is contained within the CDRS. We have mandated two reporting standards in CDRS:
- Reporting Standard A, which came into effect on 7 October 2024
 - Reporting Standard B, to come into effect on a date to be confirmed

45 www.psr.org.uk/media/cbrxixgu/amended-specific-direction-19-july-2024.pdf

46 www.psr.org.uk/media/y0yfbiy1/ps24-3-fps-app-scams-reimbursement-compliance-and-monitoring-july-2024.pdf

47 www.psr.org.uk/media/egvjalcq/psr-compliance-data-reporting-standards.pdf

- 4.6** All directed PSPs are required to comply with all record-keeping requirements in the CDRS from 7 October 2024, regardless of which reporting standard is in place.
- 4.7** Pay.UK has specified how PSPs must report data to it under reporting standard A, in its Faster Payments reimbursement rules. PSPs must provide timely responses to appropriately scoped and reasonable requests for data and information from Pay.UK, if it suspects that an in-scope PSP is not compliant, or that it is reasonably likely that a directed PSP will not be compliant. Pay.UK must include its reasoning and evidence in any data and information requests it makes.
- 4.8** PSPs must assure themselves, in the manner required by Pay.UK and set out in its Faster Payments rules, of the accuracy and quality of any data they report under either reporting standard. They must also comply with the record-keeping obligations and store all such data and information on secure systems.
- 4.9** If a consumer raises an issue that may be in the scope of the APP scams reimbursement requirement, PSPs must collate, retain and include it in the data reported to Pay.UK, in line with the requirements of our reporting standards. PSPs are not, however, required to include issues reported by consumers which are unambiguously not in scope of the APP scams reimbursement requirement, in their reporting to Pay.UK.

Future changes to CDRS

- 4.10** If the CDRS need any further amendments, we will consult on any proposals we make in line with our Powers and Procedures Guidance, alongside any other proposed changes to our APP scams legal instruments, in April or October of any given year. If the changes are urgent, we may consult on them outside this period. We will bring any changes into effect no sooner than 90 days after we have confirmed them. We will notify PSPs in writing of the date the changes will come into effect.

CHAPS

- 4.11** In PS24/5, we set out the compliance and monitoring metrics that PSPs which participate in CHAPS will need to report to the Bank, as the operator of CHAPS, on a monthly basis. We also specified that this information may also be shared with us so that we can monitor compliance with Specific Direction 21.⁴⁸
- 4.12** These requirements are aligned with the metrics specified above for Faster Payments and set out in the CHAPS Compliance Data Reporting Standard, with the key difference that PSPs are not required to submit nil returns to the Bank, if they have not received any APP scam claims in the relevant reporting period.⁴⁹

48 www.psr.org.uk/media/th4jea5a/ps24-5-app-scams-chaps-reimbursement-sept-2024.pdf

49 www.psr.org.uk/media/spelz3p1/psr-chaps-compliance-data-reporting-standards-august-2024.pdf

5 Additional guidance

In February 2024, we invited interested parties to write to us if they wanted us to clarify any areas of our APP scam reimbursement requirement policy that they were unsure about, or if they felt the words in our previous publications were ambiguous.

Although these queries were raised in relation to Faster Payments, many of the answers may also apply to CHAPS, although it is for the Bank to make any final determinations on the proper interpretation of the CHAPS reimbursement rules.

This chapter includes summaries of the most significant and frequently asked questions.

5.1 In responding to our February 2024 invitation to any interested parties to write to us to ask us to clarify the APP scam reimbursement requirement policy, some correspondents identified errors or omissions in our previous publications and legal instruments. Others offered constructive suggestions for how we might refine them.

5.2 We are grateful to all those who wrote to us and to those who suggested ways of refining or improving our policy. We have distilled into this chapter summaries of both the most frequently asked questions, and those where the answers may be of general interest. We have not replicated any confidential correspondence nor responded to questions about individual business models.

Question 1: I am a PSP – am I within scope of the reimbursement requirement?

Answer: Our legal instrument, Specific Requirement 1, defines an APP scam payment as an authorised push payment which has all the following features:

- It is executed through Faster Payments.
- It is authorised by the PSP's consumer.
- It is executed by that PSP in the UK.
- The payment is received in a relevant account in the UK that is not controlled by the consumer.
- The payment is not to the recipient the consumer intended, or not for the purpose the consumer intended.

If a PSP sends or receives payments over Faster Payments, and those payments meet the above criteria, then both are potentially within scope of Specific Direction 20.

It is for individual PSPs to determine the extent of any obligations they may have under Specific Direction 20.

Question 2: I am a PSP but provide my consumers with access to Faster Payments through an access arrangement with another PSP. Who is liable for claims: me or the PSP who provides access to Faster Payments?

Answer: PSPs that are participants in Faster Payments, and provide access to Faster Payments to other PSPs who are not themselves participants, are known as Indirect Access Providers (IAPs). IAPs are not liable for claims raised against indirect participants in Faster Payments. It is the PSP that provides the relevant sending or receiving account that is liable for claims.

Question 3: I am a consumer and was scammed before 7 October 2024, can you help?

Answer: Our APP scams reimbursement requirement only applies to transactions that took place on or after 7 October 2024. Any transactions that took place before that date fall outside the scope of our policy.

Your PSP may have voluntarily signed up to an earlier reimbursement policy known as the Contingent Reimbursement Model Code. You can find out more about this on the Lending Standards Board's website: www.lendingstandardsboard.org.uk/crm-code/

You may also be able to raise a complaint with the Financial Ombudsman Service. Details are on its website: www.financial-ombudsman.org.uk/

Question 4: If there are multiple receiving PSPs in an APP scam claim, how much permitted excess can each deduct from their reimbursement contribution?

Answer: The sending PSP is responsible for assessing each claim and determining whether it includes any reimbursable APP scam payments. Once a sending PSP has reimbursed the consumer the value of any reimbursable APP scam payments, the sending PSP can require 50% of the amount from the receiving PSP. They cannot request this contribution unless and until they have reimbursed the consumer.

The amount that the receiving PSP is liable to pay is determined according to paragraph 5.12 of *Specific Requirement 1*. It must be the lower of 50% of:

- the amount the sending PSP has paid to the victim that is attributable to any reimbursable APP scam payments made to that receiving PSP
- or
- the required reimbursement amount that is attributable to any reimbursable APP scam payments made to that receiving PSP, if different

The receiving PSP must pay the sending PSP the specified amount within a reasonable period of time, as defined by Pay.UK in the *FPS reimbursement rules*.

If the sending PSP chooses not to apply the maximum claim excess value, and where there is a single receiving PSP, that receiving PSP may deduct 50% of the maximum claim excess amount from its reimbursement contribution.

Where, however, there are two or more receiving PSPs, each may deduct from their reimbursement contribution 50% of the maximum claim excess, split between the receiving PSPs in proportions which equate to the proportionate value of each receiving PSP's liability for the reimbursable part of the APP scam claim.

In claims where there are multiple receiving PSPs, Pay.UK is responsible for setting out the methods for calculating their respective contributions.

Question 5: If a PSP manages to successfully repatriate funds lost to an APP scam, are those funds subject to a 'first-in-first-out' rule?

Answer: We have specified at Paragraph 5.17 of *Specific Requirement 1* how repatriated funds should be accounted for where they relate to a reimbursable APP scam payment. Our policy does not affect how PSPs should account for any out-of-scope APP scam payments that are successfully repatriated.

We encourage PSPs to consider any obligations that may arise under the FCA's Consumer Duty when making determinations as to how to account for repatriated funds that are not covered by our reimbursement requirement.

Question 6: If the sender or recipient of an APP scam payment are located outside of the UK, are they out of scope of the reimbursement requirement?

Answer: Our policy does not require that the sender or recipient of funds be physically domiciled in the UK to fall within its scope. The test is whether the payment:

- is executed through the Faster Payments scheme
- is authorised by the PSP's consumer
- is executed by that PSP in the UK
- is received in a relevant account in the UK that is not controlled by the consumer

What matters is whether the payment is both executed in the UK and received into a relevant account in the UK.

Question 7: I am a PSP and provide virtual or 'borderless' accounts to non-UK consumers, are these 'relevant accounts'?

Answer: Specific Requirement 1 stipulates that a relevant account means an account that:

- is provided to a service user
- is held in the UK
- can send or receive payments using the Faster Payments Scheme

This does not include accounts provided by credit unions, municipal banks and national savings banks.

Whether a virtual or 'borderless' account is a 'relevant account' turns on whether it meets these criteria.

Question 8: I am a PSP – how do I know whether I am providing a relevant account or not?

Answer: Our Specific Direction 20 is the definitive statement of our position and nothing in this guidance alters in any way the contents of these or any other legal instruments we have issued. Individual PSPs are responsible for determining the scope of any obligations they may have under our legal instruments.

A 'Relevant Account' is defined in Specific Direction 20 as follows:

'[A]n account that is provided to a service user, is held in the UK and can send or receive payments using the Faster Payments Scheme, but excludes accounts provided by credit unions, municipal banks and national savings banks.'

Accordingly, a 'Relevant Account' must exhibit all the following features:

1. It is provided by a Payment Service Provider to a Service User, noting that a Service User cannot also be a Payment Service Provider (or vice versa) in the same payment system.
2. It is 'held in the UK'. This means that a unique identifier (which may, for example, consist of a sort code and account number) addressable by the payment system, and any secondary reference data (where applicable), is issued by a Payment Service Provider in the UK and must correspond to an identifiable Service User.
3. It holds a balance, whether credit, debit or zero, and it can send and/or receive transactions using the FPS, the execution of which increases or decreases the balance.
4. It can send or receive payment transactions executed across the FPS which exhibit one or more of the following features:
 - for transactions sent from the account
 - they are authorised by a Service User directly
 - they are authorised by the Service User indirectly through an agent
 - they are agreed in advance between a Payment Service Provider and a Service User (such as standing orders and standing instructions, covered by the agreement of the account operating definitions)
 - they fulfil an obligation contained in the rules of a payment system (such as payment of received transaction balance to a merchant by an acquirer)
 - they are validly authorised in another manner.
 - for transactions received by the account:
 - any funds received are at the disposal of the Service User to whom the account is being provided;
 - any e-money received is available for redemption by the Service User to whom the account is being provided.

An account which meets these criteria will constitute a 'Relevant Account' irrespective of whether the account is used to facilitate an international payment transfer.

For example:

- A 'Relevant Account' can be a current account at a credit institution which can send and/or receive Faster Payments.
- A 'Relevant Account' can be a savings account at a UK Building Society which can send and/or receive Faster Payments.
- A 'Relevant Account' can be a credit card account issued in the UK which can send and/or receive Faster Payments.
- A 'Relevant Account' can be an account at a UK Electronic Money Institution.
- A 'Relevant Account' cannot be an account provided to a Payment Service Provider, such as a money remittance firm, by an indirect access provider.
- A 'Relevant Account' cannot be an account provided by a credit union, a municipal bank, or a national savings bank.
- A 'Relevant Account' cannot be a specific account whose sort code and account number details are provided by a PSP to its customer solely for the payment of fees and/or charges.
- A 'Relevant Account' may be a Head Office Collection Account provided to a Service User (noting that Head Office Collection Accounts provided to PSPs are not 'Relevant Accounts').

Question 9: I am a PSP based in the UK Channel Islands/the Isle of Man, am I within scope of the reimbursement requirement?

Answer: The term 'UK' within our legal instruments is limited to Great Britain and Northern Ireland and does not include the Channel Islands. An account which is held in the Channel Islands is thus not 'held in the UK' for the purposes of our legal instruments.

Question 10: I am a PSP based in Gibraltar, am I within scope of the reimbursement requirement?

Answer: Although the term 'UK' within our legal instruments does not include Gibraltar, we are aware that some Gibraltarian PSPs have passporting rights to operate within the UK. The test will thus be whether any accounts provided by those PSPs are 'held in the UK'.

Question 11: I am a consumer and my PSP has rejected my reimbursement claim, can the PSR help?

Answer: We do not have an adjudicatory function and cannot consider individual complaints from consumers. You may wish to raise a complaint with the Financial Ombudsman Service. Its website is: www.financial-ombudsman.org.uk

Question 12: I am a PSP and I have rejected an APP scam claim from a consumer, can I reconsider the same case if the consumer presents new information in the future?

Answer: Although our legal instruments do not prohibit a sending PSP from choosing to voluntarily re-consider a claim it has previously rejected, Specific Requirement 1 makes clear that any receiving PSP(s) shall not be liable to pay any amount to a sending PSP in relation any payment made by the sending PSP to a consumer after the sending PSP has closed a claim (including by rejecting it). This includes any payment made as a result of a court or alternative dispute resolution decision after the claim is closed.

This means that, if a sending PSP chose to re-open a claim it had previously closed, it would do so voluntarily, it would not fall within our policy, and it would not be entitled to claim any contribution from the receiving PSP(s) towards the costs of any reimbursements.

Question 13: I am a PSP and provide money remittance products to non-UK receiving accounts, are these within scope of the reimbursement requirement?

Answer: The operating model of money remittance products varies widely between PSPs and thus it is not possible for us to give a blanket answer. If a PSP provides relevant accounts to a service user, it is potentially within scope of the reimbursement requirement.

Question 14: If a consumer delegates control over their payment account to a fraudster, are any payment orders executed by the fraudster within scope of the reimbursement requirement?

Answer: Our legal instruments require that any payment orders must have been authorised by the consumer that seeks to raise a claim for reimbursement. If those payment orders were executed by the fraudster exercising control over a payment account, they are not within scope of the reimbursement requirement. They may, however, separately qualify as unauthorised payments under the Payment Services Regulations 2017, depending on the circumstances.

Question 15: I am a consumer and lost money to a scam in which I transferred money overseas, am I eligible for reimbursement?

Answer: Our policy only provides protection for payments sent across the Faster Payments System where both the sending and receiving accounts are held in the UK. If a payment does not meet these criteria, it is not within scope, although note that some virtual or borderless accounts may be within scope of our policy notwithstanding that one party is outside of the UK.

Question 16: If an accountant or lawyer executed a payment order on behalf of a consumer, and the payment turns out to be an APP scam, is that payment still within scope of the reimbursement requirement?

Answer: If the consumer personally authorised the payment order, then such payments are potentially within scope of the reimbursement requirement, provided the other legal criteria are satisfied.

Question 17: Can a firm be both a PSP and a service user in relation to the same payment system?

Answer: No. Specific Direction 20 specifies that the term service user 'means a person who uses a service provided by a payment system and is not a participant in that payment system.' It follows that a person who is a participant in Faster Payments, whether directly or indirectly, cannot also be a service user for the purposes of Specific Direction 20.

Because of the mutually exclusive definition of 'service user', an entity remains a PSP where it is a participant in the Faster Payments even where it is also a person who uses a service provided by that payment system.

Question 18: Where a money remittance firm provides its consumers with a payment service which does not include an account that holds a balance, does the entity provide a 'relevant account' according to definitions in Specific Direction 20 and the Faster Payments reimbursement rules?

Answer: A precondition in Specific Direction 20 for the provision of a relevant account is that it is an account 'provided to a service user'. This includes, but is not limited to, the existence of a unique identifier which corresponds both to a particular consumer and a particular balance held for that consumer. There must be, at least, a unique record, for each consumer, of funds passing in, out, and through an account provided by a PSP. If this is not present, there is no 'relevant account' within the meaning of Specific Direction 20.

Question 19: Are money remittance firms considered to be a 'PSP' or a 'service user' according to the definitions used in the Faster Payments reimbursement rules and Specific Direction 20?

Answer: The definition of 'PSP' in Specific Direction 20 is the same as the definition in s.42(5) of the Financial Services (Banking Reform) Act 2013. Thus, 'any person who provides services to persons who are not participants in the system for the purposes of enabling the transfer of funds using the payment system' is a Payment Service Provider (PSP).

It is not possible within the meaning of Specific Direction 20 or the Faster Payments reimbursement rules for a PSP to also to be a service user in relation to the same payment system, or vice versa. The definitional terms are mutually exclusive.

It is possible to be a PSP that does not provide 'relevant accounts' to be a service user. Further, it is possible for a single PSP to offer some services which do involve the provision of a 'relevant account', and others which do not involve the provision of a 'relevant account'.

Question 20: What about if the ultimate recipient of a payment is outside of the UK?

Answer: If a payment was sent over Faster Payments by a consumer in the UK to a virtual account that includes a UK sort code and account number, which is held in the name of the receiver of the payment, then this constitutes a 'relevant account' regardless of where the recipient is domiciled.

Question 21: What if the sender of the funds is outside the UK?

Answer: If funds are sent over Faster Payments from a virtual account that includes a UK sort code and account number, held in the name of the sender of the payment, and received in a relevant account, then this brings the payment within scope of our reimbursement policy. The sender of the funds, wherever they are domiciled, would still need to fall within our definition of a 'consumer'. The sending PSP would ultimately need to determine whether a claim gave rise to one or more reimbursable APP scam payments.

Question 22: What if the consumer who sends funds is not a customer of the receiving PSP?

Answer: We are aware of a small number of cross-border transactions where a sending PSP is providing a relevant account to a consumer but where that consumer is not in fact a customer of the sending PSP. The *Faster Payment Rules*, authored and maintained by Pay.UK, specify that, in order to qualify as an FPS APP Scam Payment, a consumer must also be a customer of the sending PSP. Where this condition is not satisfied, any such payments are presently out of scope.

6 Cost benefit analysis

- 6.1** The purpose of consolidating previous policy statements within this document is to help stakeholders more easily understand, navigate and implement our policy requirements.
- 6.2** We are not amending existing requirements, nor introducing new requirements and so consider that our assessment of the likely impacts of our APP scams reimbursement requirement remains as summarised in published cost benefit analyses of previous documents. Those documents remain available on our website.⁵⁰

⁵⁰ www.psr.org.uk/our-work/app-scams/

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