

Consultation paper

# Reporting guidance: second cycle

APP scams Measure 1

Data collection  
and publication

August 2023

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We welcome your views on this consultation. If you would like to provide comments, please send these to us by **5pm on 1 September 2023**.

You can email your comments to **appscamsdata@psr.org.uk**.

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

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.

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# 1 Introduction

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This consultation document accompanies our draft guidance on reporting authorised push payment (APP) scam data for the second reporting cycle (half-year January to June 2023) and should be read alongside it.

We may issue updated reporting guidance for each reporting cycle.

We are seeking stakeholders' views on our proposed changes to the reporting guidance, before starting the second reporting cycle.

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## Background

- 1.1** In March 2023 we issued our policy statement PS23/1, *APP scams: Measure 1 – Collection and publication of performance data*<sup>1</sup>, along with Specific Direction 18 and reporting guidance<sup>2</sup> relating to the policy statement.
- 1.2** Under our Measure 1 policy, we are collecting and publishing data to provide greater transparency about payment service providers' (PSPs') authorised push payment (APP) scam levels, fraud prevention rates and reimbursement levels. This will make PSPs more accountable for their own performance, 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.
- 1.3** The first reporting cycle (cycle 1) started on 1 April 2023 and relates to the two reporting periods January to June 2022 and July to December 2022. In May, the directed PSPs provided their first submission of data to us. A checking process is now underway for receiving PSPs' data which will end during August. We intend to finalise and publish a balanced scorecard of this data in October.
- 1.4** The reporting guidance that we issued in March assists PSPs with providing the correct data. We said that we would update the guidance when required. The implementation of cycle 1, and extensive stakeholder engagement with sending and receiving PSPs, have provided opportunities for learning. In preparation for the second reporting cycle (cycle 2), we have updated the reporting guidance and have made changes.

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1 PS23/1, [APP scams: Measure 1 – Collection and publication of performance data](#) (March 2023).

2 [Reporting guidance. Final version: first reporting cycle – half-years Jan-Jun 22 and Jul-Dec 22](#) (March 2023)

- 1.5** In June 2023, we published our policy statement on the new APP fraud reimbursement requirement.<sup>3</sup> In the course of collecting data over the past few months, we are aware that among some PSPs there are differences of interpretation of what constitutes an APP scam for the purposes of reporting under Measure 1. The issues arising from these disagreements are also relevant to our implementation of the reimbursement requirement. We will continue to engage with stakeholders and keep these issues under review. We may develop more detailed guidance at a later date on some of these issues, but we are issuing this consultation now in order to ensure early consideration of reporting issues before the start of cycle 2.
- 1.6** We are now consulting on the revised guidance for cycle 2 (half-year January to June 2023) and we welcome your views on the changes that we are proposing. Please provide your comments to us by 5pm on 1 September.

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<sup>3</sup> PS23/3, [Fighting authorised push payment fraud: a new reimbursement requirement](#) (June 2023).

## 2 Changes to the reporting guidance

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In this chapter, we set out the main changes that we propose to make to the reporting guidance for cycle 2. We summarise them below and welcome stakeholder comments on:

- data-sharing agreements
  - data fields/templates
  - commentaries and accompanying explanations
  - Financial Ombudsman Service rulings and reimbursements
  - receiving PSPs providing clear reasons for challenge
  - our revised timetable for cycle 2
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### Data-sharing agreements

- 2.1** Under the Metric C<sup>4</sup> checking process, sending and receiving PSPs need to exchange data, which may be subject to data protection requirements.
- 2.2** Some PSPs were concerned about the handling of this data, but the vast majority found pragmatic workarounds (some firms were able to use existing data sharing arrangements). However, the absence of a standardised process for sharing data did lead to one sending PSP significantly delaying sharing its data due to data protection concerns. This impacted timelines for receiving PSPs seeking to check their data.
- 2.3** While we recognise the benefits that standardising the process for sharing data can bring, any process established would be temporary until reimbursement requirements are implemented. We believe that the costs and work required by the payments industry of developing a system to standardise data sharing agreements would exceed any benefits of doing so.
- 2.4** For future cycles, the industry should continue to work together to find pragmatic ways to exchange data which give PSPs confidence to exchange data securely. We will continue to support the industry in finding innovative ways of doing that. Changes to the guidance can be found in Chapter 5, under the heading *Data-sharing agreements*, paragraphs 5.15 to 5.18.

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4 Receiving PSPs' APP scam rates (not including any money that has been returned to the victims).

## Data fields and template

- 2.5** We were told by stakeholders that to support sending and receiving PSPs with checking data, there would be benefits in standardising the format and content. During cycle 1, we have worked with PSPs to develop a set of common data fields. For cycle 1, we only recommended their use, rather than requiring them, and PSPs found these helpful.
- 2.6** For cycle 2, we are proposing standard data fields, based on our work during cycle 1. We propose to mandate some fields whereas others are optional. However, the key principle is that directed PSPs should share at least the minimum data necessary to uniquely identify a transaction. Changes to the guidance can be found in Chapter 5, under the heading *Data fields and template – for checking*, paragraphs 5.19 to 5.24 and at Annex 3: Data fields.

## Commentaries and accompanying explanations

- 2.7** For cycle 1, we required PSPs to provide accompanying explanations<sup>5</sup> describing:
- how they had prepared their data
  - where they had difficulty applying the guidance or they had departed from the guidance
  - where they were unable to provide data or were uncertain about its quality

PSPs also had the option to provide commentary on their performance, which would not be published but would provide useful context for the PSR.

- 2.8** During cycle 1, some PSPs provided explanations to accompany their data but in many cases did not provide enough information to assist us with analysing the data, or did not explain data discrepancies in accompanying documents.
- 2.9** In addition, following engagement with stakeholders over the last few months, we have identified three other areas where directed PSPs **should** provide further information to explain their data:
- 1. Information to help receiving PSPs:** These would be notes that we could pass on to receiving PSPs when sharing the data with them at Step 2. This would help receiving PSPs to understand the data about themselves and, therefore, why differences may have arisen between their expected data and the data provided by the directed PSP. This should allow receiving PSPs to raise challenges more appropriately and may reduce unnecessary requests for more information at Step 3. For example, a directed PSP might have been unable to identify and net off recoveries against the receiving PSP. The directed PSP should note this omission as information to be passed on to the receiving PSP, so that the receiving PSP can check the results against their gross scam payments received. Another example could be that a directed PSP might note that it has included certain ranges of data but not others. Changes to the guidance can be found in Chapter 3, under the heading *Information to help receiving PSPs at Step 3*, paragraphs 3.40 to 3.41.

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<sup>5</sup> See the first reporting guidance, Chapter 2, *Accompanying explanations*, paragraphs 2.4 to 2.11.

2. **Information to help us understand how the data has been prepared:** Examples might include flagging where results are unusually high or low, where there are gaps in the data or the PSP has had difficulty providing the data, where the PSP has had to make assumptions in compiling the data. Changes to the guidance can be found in Chapter 3, under the heading *Commentaries: data preparation*, paragraphs 3.38 to 3.39.
3. **Commentary on a PSP's performance:** Trends on performance, and factors that may have contributed to this. Changes to the guidance can be found in Chapter 3, under the heading *Commentaries: performance*, paragraphs 3.31 to 3.33.

**2.10** We previously said that we would not publish commentary provided by PSPs. However, we now propose that where this helps the public and other interested stakeholders to better understand the data, we may use information from the commentary. PSPs should therefore ensure that the detail they provide on their performance can be reflected in the PSR publication and is non-confidential. We will finalise any wording with those PSPs ahead of publication.

## Financial Ombudsman Service rulings

**2.11** In cycle 1, we sought to exclude from the reporting of reimbursements any reimbursements related to Financial Ombudsman Service (FOS) rulings. This was because:

- they may not reflect a PSP's original policy on reimbursement
- they may relate to historic cases
- they could reflect bulk decisions for a class of cases spanning more than one reporting period

**2.12** However, this requirement proved to be impractical to implement, since many PSPs found it difficult to separately identify FOS-related reimbursements within their data systems. Therefore, we no longer require data on FOS-related reimbursements to be excluded or separately identified, and have removed the relevant tab from the reporting template.

## Receiving PSPs should provide clear reasons for challenge

**2.13** During cycle 1, some directed PSPs indicated that at Step 3 of the Metric C process, when some receiving PSPs were requesting data, they did not always explain why they were challenging the data.

**2.14** Under the reporting guidance for cycle 1, receiving PSPs may challenge data where there is a material difference of 5% in their understanding of fraud rates. (See the cycle 1 reporting guidance, Chapter 5, under the heading *Threshold for challenges to the data by receiving PSPs*, paragraphs 5.18 to 5.21.)



- 2.15** We propose that receiving PSPs must briefly indicate the reason for their challenge when they are requesting further data from the directed PSP at Step 3 of the process. For example, a receiving PSP might state its data differs by more than 5% from the data supplied by the directed PSP, and that the difference is therefore above the materiality threshold for challenges. In this case, the receiving PSP should confirm its calculation by stating the value of the data that it is expecting from its own records – and how it has calculated that this exceeds the 5% materiality limit.
- 2.16** Where sponsor PSPs are seeking information from directed PSPs, in order to allow them to disaggregate their results across their indirect PSPs, there is no need for the sponsor PSPs to provide a justification to directed PSPs. Disaggregation is an integral part of the process. Directed PSPs should endeavour, as a minimum, to provide enough information to identify individual transactions. This will allow sponsors to promptly provide a provisional disaggregation across their indirect PSPs. See Chapter 5, *Receiving PSPs should provide clear reasons for challenge*, paragraphs 5.32 to 5.35.

## Revised timetable for cycle 2

- 2.17** In PS23/1, the timetables that we set out included an overlap between the timings of cycle 1 and cycle 2. However, we recognise that cycle 1 has required a number of changes to the reporting and to the process, which we will reflect in this guidance. This has meant that it would have been very challenging to run the second cycle concurrently before these issues have been resolved. We also heard from stakeholders that requiring industry to work on data for two cycles concurrently may place a disproportionate burden on industry. We have therefore amended the cycle 2 timetable to ensure that there is no overlap in timing. The revised cycle 2 timetable can be found in Annex 1.

# 3 Other issues raised by stakeholders

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In this section we set out other issues that were raised by stakeholders. We have considered these issues, and do not propose changing the reporting guidance in respect of these.

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## Future development of the Measure 1 process: an interim step

**3.1** The requirements that we have introduced for reimbursement (under Measure 3) will necessitate information exchange between sending PSPs and receiving PSPs:

- at the time that a fraud is reported
- through the liability settlement process

It is our assessment, therefore, that the Measure 1 process will be transitional, until the reimbursement process has been implemented. Compliance reporting to Pay.UK will provide data which could be used in future to replicate the metrics for Measure 1, with wider coverage across all PSPs on all three metrics – negating the need for a separate data collection process.

**3.2** Although we can make some simple and quick improvements to the Measure 1 process (as indicated in this consultation), we do not think that the benefits of more extensive development of the process outweigh the costs. This is because in the future, the Measure 1 process will be replaced by an extensive and robust system for capturing the relevant data as part of the implementation of our reimbursement requirements.

## CFO sign-off and assurance

**3.3** Some stakeholders queried whether CFO sign-off for the final data was necessary. One reason put forward was that the CFO was not close enough to the detail. A number of firms enquired whether this function could be delegated to a nominated individual.

**3.4** Our view remains that this data is important, and its publication could have potentially significant implications for some PSPs. Therefore, the assurance of this data remains a high priority. Consequently, we propose to continue with the requirement for assurance of the data to be signed off by the CFO.

**3.5** In paragraph 6.1 of the reporting guidance for cycle 1, we also stated that assurance may be provided via 'a signed statement from their CFO or an equivalent level senior executive of the directed PSP with ultimate responsibility for the preparation of the data' (see also paragraph 9.1 of Specific Direction 18).

## Brand-level reporting

- 3.6** In cycle 1, we required directed PSPs to report their results aggregated at banking group level, rather than by individual brand. In our March 2023 policy statement, we said that for future reporting cycles, we would consider the possibility of reporting by brand.
- 3.7** We are not proposing to change from group reporting to brand reporting. We are aware that there have been numerous challenges with the data collection process, and this creates additional work and complexity to the process that directed PSPs follow in reporting the data.
- 3.8** However, we recognise that consumers may find data by brand more accessible. As such, when we publish the data, we will consider adding brand logos against each group to help consumers identify the results that relate to their own accounts.

## Disaggregation: streamlining the process

- 3.9** Some stakeholders have asked whether we could streamline the process for disaggregation of data reported in relation to sponsor PSPs that relates to indirect PSPs. The current approach relies upon sponsors requesting more details about their data, including transaction-level data from directed PSPs (for example, where sponsor PSPs have not allocated specific sort codes uniquely to specific indirect PSPs) under the exchange of information at Steps 3 and 4.
- 3.10** We acknowledge stakeholders' concerns. While we have engaged with stakeholders extensively, it is not clear at this time what steps could be taken to streamline the process and we welcome views on how an improved process can be achieved.
- 3.11** We are open to stakeholders working together to develop a more streamlined process and making a proposal to us for inclusion in future cycles.

## Indirect PSPs to challenge their data

- 3.12** In PS23/1, we confirmed that indirect PSPs should have the right of challenge about their data on APP fraud payments they have received. We have considered whether we should specify a process for this so that such requests to challenge data proceed more effectively. However, based on the activity that we have observed during cycle 1 so far, we do not think that this is necessary as sponsor PSPs are well placed to manage any queries where they arise and have been doing so.
- 3.13** Under the Metric C process, we have also introduced that Sponsor PSPs provide a provisional disaggregated data to us as early as possible. This will allow us to have some oversight of disaggregation, as well as enabling us to engage with indirect PSPs that may be likely to be included in the final publication list, should we deem that appropriate. See Chapter 3, *Sponsor banks and agency banks*, paragraphs 3.60 to 3.66, and Chapter 5, under the heading *General guidance for receiving PSPs*, sub-heading *Provisional disaggregation*.

# Annex 1

## Cycle 2 timetable

This annex sets out the key deadlines in the reporting process for the second reporting cycle (H1 23).

### Timetable: second reporting cycle (H1 23)

Action	Timing
PSR to receive data from sending PSPs <b>First PSR reporting day</b>	Thursday 30 November 2023
PSR to contact the 25 PSPs who are the most significant (and to provide a breakdown of their results by each of the 14 sending PSPs)	Thursday 7 December 2023
Receiving PSPs can check data and request breakdown from sending PSPs	Thursday 21 December 2023
Sending PSPs provide breakdown to receiving PSPs	Friday 12 January 2024
Sponsor PSPs should provide a provisional disaggregated list of indirect PSPs and their results to the PSR	Friday 26 January 2024
Receiving PSPs review detailed breakdown and submit request for revision to sending PSPs	Friday 9 February 2024
Sending PSPs consider requests for revisions and re-submit revised data to PSR <b>Final PSR reporting day</b>	Friday 8 March 2024
Sponsor PSPs may submit disaggregated indirect PSP data to PSR	Friday 8 March 2024
PSR to review the data, prudential considerations, prepare publication formats Publication month	May 2024

## Reporting period: second reporting cycle

- H1 2023: January 2023 to June 2023

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