

The Rt. Hon. Nicky Morgan MP
Treasury Select Committee
House of Commons Committee Office

6 July 2018

Dear Nicky,

Further to my letter of 3 April I am writing to provide you with our second quarterly update on the work taking place to tackle authorised push payment (APP) scams, including the design of a contingent reimbursement model for victims of these scams.

As you are aware, following our intervention, the banks are now collecting data which will, over time, provide a valuable tool for monitoring the impact of scams and the effectiveness of measures to prevent them and reduce their impact. The next step is to see a more granular level of data: for example, differentiating between different types of APP scams. The banks have also adopted a standard of best practice to follow when dealing with reported incidents of scams.

Our work is currently focused on making sure a reimbursement model is in place as soon as possible to provide further protection for victims. I am pleased to report that the Steering Group we established to design this mechanism is progressing the work well, and we expect an interim code to implement the reimbursement model to be in place by the end of September, in line with our original timetable.

The Group agreed that consumers who are vulnerable will be reimbursed and agreed a number of principles for the requisite level of care for a consumer who is not considered vulnerable. It also agreed that a consumer who has met their requisite level of care will be reimbursed by their bank (i.e. the "sending bank") with the exact number of days for reimbursement still to be confirmed.

Outside the Steering Group's scheduled meetings, the members have also held workshops to address specific issues, such as Confirmation of Payee, vulnerable customers, requisite level of care for consumers and a standard of care for PSPs.

I am encouraged by the Steering Group's dedication. The decisions taken so far demonstrate a commitment to put in place measures that will help tackle these scams and ensure a fair outcome for consumers.

Summaries of the Steering Group's meetings are available on their website:

<https://appcrmsteeringgroup.uk/meetings/>.

Yours sincerely,



Charles Randell
Chair
Payment Systems Regulator