

Specific Direction 20 to
PSPs participating in the
Faster Payments Scheme that
provide relevant accounts,
to reimburse FPS APP scam
payments and comply with
the reimbursement rules

Specific Direction 20 (~~Faster Payments~~ July
2024) (FPS APP scam reimbursement
requirement)

~~December 2023~~ July 2024

This is a comparison version showing how Specific Direction 20 has been amended following PS24/3. Additions are in green and underlined. ~~Deleted text is set in red and shown struck through.~~
It has been prepared by the PSR to assist stakeholders.

Specific Direction 20: ~~Faster Payments~~ (July 2024): FPS APP scam reimbursement requirement

1 Recitals

Whereas:

- 1.1 Authorised push payment (APP) scams happen when a person uses a fraudulent or dishonest course of conduct to manipulate, deceive or persuade someone into sending money to an account outside of their control.
- 1.2 The Financial Services and Markets Act 2023 (FSMA 2023) places a statutory obligation on the Payment Systems Regulator (PSR) to introduce a reimbursement requirement for APP scam payments made over the Faster Payments Scheme by the end of February 2024.
- 1.3 The PSR has decided to implement a policy that requires APP scam victims to be reimbursed by the sending payment service provider (PSP). This is known as the FPS reimbursement requirement.
- 1.4 The PSR has decided to implement this policy by requiring the operator of the Faster Payments Scheme to put the FPS reimbursement requirement into the Faster Payments Scheme rules. The resulting rules will be known as the FPS reimbursement rules.
- 1.5 The PSR has also decided to direct in-scope participants in the Faster Payments Scheme to comply with the FPS reimbursement requirement and the FPS reimbursement rules. This is to ensure that these rules apply to both members and non-members of the Faster Payments Scheme, so that all participants in the Faster Payments Scheme and their consumers are, as far as possible, placed on an equal footing.
- 1.6 The PSR issued the original version of Specific Direction 20 on 19 December 2023. This version of Specific Direction 20 (July 2024) revokes and replaces that version, in order to make the amendments set out in PSR Policy Statement CP24/3: The FPS APP scams reimbursement requirement: compliance and monitoring. These amendments require sending PSPs to amend their terms and conditions and communicate with their consumers about the FPS reimbursement requirement and rules, and to provide information as required for compliance monitoring to the Faster Payments Operator.

- 1.7** The PSR will also specify the information which PSPs must collate, retain, and provide to the Faster Payments Operator for it to undertake its responsibilities under Specific Direction 19. This information will be specified by the PSR in the Compliance Data Reporting Standards (CDRS). PSPs must comply with the requirements of this direction, including the requirement to comply with the provisions of the CDRS.
- 1.8** This Specific Direction 20 (July 2024) is an amended and consolidated version of the original Specific Direction 20. The Schedule of Key Changes to this specific direction sets out the deletions, insertions and amendments to the provisions and definitions. For transparency the PSR has also published a compare alongside this consolidated direction.

2 Powers exercised and purpose

- 2.1** The Faster Payments Scheme is designated by the Treasury as a regulated payment system under section 43 of Financial Services (Banking Reform) Act 2013 (FSBRA) for the purposes of Part 5 of FSBRA.
- 2.2** The PSR gives this specific direction in accordance with section 54(1) and (2) of FSBRA. In accordance with section 54(3)(c), this direction applies to persons of a specified description.
- 2.3** In making its decision to use its section 54 powers, the PSR had regard to section 62 of FSBRA (Duty to consider exercise of powers under the Competition Act 1998).
- 2.4** Under section 72 of FSMA 2023, the PSR must introduce a reimbursement requirement for APP scam payments made over the Faster Payments Scheme. The PSR gives this specific direction to fulfil this duty. It hereby requires all in-scope PSPs to comply with the FPS reimbursement requirement ~~and the FPS reimbursement rules,~~ the FPS reimbursement rules, and any requirements imposed in the CDRS. PSPs must also have regard to any other guidance and / or standards issued by the PSR as regards compliance with the FPS reimbursement requirement.
- 2.5** The PSR gives this specific direction for the reasons and purpose set out in its policy statement PS23/3, *Fighting authorised push payment fraud: a new reimbursement requirement* (June 2023)¹:
- a. to incentivise the payments industry to invest in fraud prevention, increasing consumer protections so most victims of APP scams are swiftly reimbursed
 - b. to pursue its long-term ambition for the operator of the Faster Payments Scheme to tackle fraud by improving the Faster Payments Scheme rules
- 2.6** The PSR also gives this amended and consolidated specific direction for the reasons and purpose set out in its policy statement PS24/3, *The Faster Payments APP scams reimbursement requirement: compliance and monitoring* (July 2024).

¹ www.psr.org.uk/publications/policy-statements/ps23-3-fighting-authorised-push-payment-fraud-a-new-reimbursement-requirement/

Direction

NOW the PSR gives the following specific direction to all PSPs participating in the Faster Payments Scheme that provide relevant accounts

3 The reimbursement requirement

The FPS reimbursement requirement

- 3.1** When a victim reports a reimbursable FPS APP scam payment to their sending PSP, the sending PSP must reimburse the victim in full. This is the FPS reimbursement requirement.

The scope of the FPS reimbursement requirement

- 3.2** The FPS reimbursement requirement applies to all reimbursable FPS APP scam payments executed on or after the implementation date. The implementation date is 7 October 2024.
- 3.3** The FPS reimbursement requirement applies in line with the exceptions and additional provisions set out at paragraphs 4.2 to 5.19~~23~~ of Specific Requirement 1 (Faster Payments APP scam reimbursement rules).

4 Requirement to comply with the FPS reimbursement rules

- 4.1** From 7 October 2024, all directed PSPs, ~~whether they are members or not of the Faster Payments Scheme~~ must comply with the FPS reimbursement rules.

5 PSPs to inform consumers of their rights

- 5.1** By 7 October 2024 all directed PSPs which are capable of being sending PSPs must have informed their existing consumers of their rights under the FPS reimbursement requirement and reimbursement rules. This includes informing consumers of the changes which will be made to their contractual terms and conditions as required by paragraph 6.1.

- 5.2** For the purposes of this specific direction, a directed PSP is capable of being a sending PSP if it:

- a. Provides a relevant account for a consumer
- b. From which it is or will be possible for an FPS APP scam payment to be made

- 5.3** From 7 October 2024 all directed PSPs which are capable of being sending PSPs must have arrangements in place to inform any new consumers of their rights under the FPS reimbursement requirement and reimbursement rules, at the latest by the time they provide those new consumers with their services.
- 5.4** The PSR will publish guidance as to the information which PSPs must provide their consumers under paragraphs 5.1 and 5.3. This guidance may be amended from time to time.
- 5.5** Consumers must be informed in the same manner in which the PSP would notify their consumers of other changes to the way in which they provide their services.

6 PSPs to amend their terms and conditions

- 6.1** All directed PSPs which are capable of being sending PSPs must amend the terms and conditions of their relevant contracts to provide that they will reimburse their consumers as and when required by the FPS reimbursement requirement and FPS reimbursement rules.
- 6.2** A relevant contract is a framework contract between a consumer who holds a relevant account and a directed PSP which is capable of being a sending PSP.
- 6.3** All directed PSPs which are capable of being sending PSPs must amend their relevant contracts as provided for above at the earliest practicable opportunity, including by reference to contractual amendment cycles. In any event this amendment must be effected by 9 April 2025 at the latest.

57 Indirect access providers to provide information about their indirect PSP customers

- 5-17.1** By 31 March 2024, and annually thereafter, all indirect access providers must give the PSR a complete list of all of their indirect PSP customers for the previous calendar year.
- 5-27.2** The PSR may specify in guidance additional requirements for the format and content of the list mentioned in paragraph 57.1.
- 5-37.3** By 30 April 2024, and monthly thereafter, all indirect access providers must give the PSR an update containing any changes to the list they provide under paragraph 57.1. They do not need to provide a report for months where there are no changes since the previous report.
- 5-47.4** This direction should be read alongside, and interpreted consistently with, any other relevant directions or requirements issued under sections 54 or 55 of FSBRA

8 PSP data and information obligations

Overarching duties

- 8.1 All directed PSPs must register with the Faster Payments Operator using the method specified by the Faster Payments Operator in the Faster Payments Scheme rules by 20 August 2024.
- 8.2 Registration requires directed PSPs to provide the information specified by the Faster Payments Operator in its Faster Payments Scheme rules, in the manner established in the Faster Payments Scheme rules.
- 8.3 The obligation at paragraph 8.1 applies as follows:
- a. For directed PSPs participating in the Faster Payments Scheme and that provide relevant accounts at the time when this direction is given, paragraph 8.1 must be complied with by 20 August 2024.
 - b. For directed PSPs which begin to participate in the Faster Payments Scheme and provide relevant accounts at any date after this direction is given, and whilst it continues in force, paragraph 8.1 must be complied with before that PSP sends or receives live transactions using the Faster Payments Scheme.
- 8.4 From 7 October 2024, all directed PSPs must
- a. Collate and retain for a period of at least five years
 - 1. the information identified in the PSR's CDRS in respect of FPS APP scam claims
 - 2. any other information relevant to the FPS APP scam claim which is necessary to enable the Faster Payments Operator to undertake its responsibilities under Specific Direction 19 and which is specified by the Faster Payments Operator in the Faster Payments Scheme rules
 - 3. any information which has been requested by the Faster Payments Operator in accordance with paragraphs 8.4.d, 8.5 and 8.6.
 - b. provide the information specified in the CDRS to the Faster Payments Operator
 - c. take appropriate and reasonable steps to assure themselves of the accuracy of any information provided to the Faster Payments Operator, in the manner required by the Operator and set out in the Faster Payments Scheme rules, before it is provided to the Faster Payments Operator
 - d. provide timely, complete and accurate responses to reasonable and proportionate requests for information from the Faster Payments Operator in order to enable it to undertake its responsibilities under Specific Direction 19 (July 2024)

- 8.5** For the purposes of paragraph 8.4.d the Faster Payments Operator may determine a time frame within which a timely, complete and accurate response must be provided.
- 8.6** A reasonable and proportionate request for information by the Faster Payments Operator is one which:
- a. is made in circumstances where the Faster Payments Operator has reasonable grounds to suspect that a directed PSP is not compliant, or that there is a reasonable likelihood that a directed PSP will not be compliant, with a requirement of the FPS reimbursement rules. The Faster Payments Operator must include its reasoning and supporting evidence in the request;
 - b. is appropriately scoped having regard to the time frame set for the response;
 - c. may include, but is not limited to requests that:
 - 1. enable the Faster Payments Operator to undertake its responsibilities under Specific Direction 19 (July 2024)
 - 2. relate to the Faster Payments Operator’s role in monitoring and assuring the quality, accuracy, completeness and integrity of the data received
 - 3. enable the Faster Payments Operator to undertake enhanced monitoring in response to any potential compliance issues identified
- 8.7** Directed PSPs must ensure that any information collated, retained or provided pursuant to this direction (or any other requirement or direction imposed further to the reimbursement requirement) is retained in a manner which is secure.

9 PSPs’ reporting obligations

- 9.1** All directed PSPs must comply with the reporting requirements specified in this section.
- 9.2** All directed PSPs must comply with the obligations set out in the PSR’s CDRS, as may be amended from time to time.
- 9.3** The PSR will notify in writing the date on which any changes to the CDRS will come into effect. The date will be no sooner than 90 days after the date of notification.

Reporting standard A

- 9.4** The PSR hereby establishes reporting standard A, pursuant to which information must be collated, retained and provided by sending PSPs to the Faster Payments Operator in accordance with this direction.
- 9.5** The PSR will set out the information which sending PSPs must report to the Faster Payments Operator pursuant to reporting standard A in the CDRS.

9.6 From 7 October 2024 all sending PSPs must collate and retain all information falling within the scope of reporting standard A as required in paragraphs 8.4 – 8.7 of this direction.

9.7 All sending PSPs must report to the Faster Payments Operator any information falling within the scope of reporting standard A set out within the CDRS as follows:

- a. Each report must cover all cases closed in the reporting period;
- b. The first report is required to be submitted by 6 January 2025 to cover a reporting period of 7 October 2024 – 30 November 2024;
- c. Each subsequent report must cover one month (the “reporting period”); and
- d. Each subsequent report is due by close of business on the last business day of the month after each reporting period.

9.8 Directed PSPs must report the information to the Faster Payments Operator under Reporting Standard A using the method set out by the Faster Payments Operator in its Faster Payments Scheme rules, or a reasonable alternative method. The Faster Payments Operator may itself propose a reasonable alternative method. The Faster Payments Operator may refuse to accept an alternative method proposed by a directed PSP if it does not appear to the Faster Payments Operator that the method is reasonable in the circumstances.

9.9 A directed PSP which is capable of being a sending PSP must notify the Faster Payments Operator of any reporting period in which it has not received any FPS APP scam claims. This notification must be provided in accordance with paragraphs 9.7.b and d and 9.8.

6 10 Application

6-1 10.1 This specific direction applies to all PSPs participating in the Faster Payments Scheme that provide relevant accounts.

11 Revocation of original Specific Direction 20

11.1 The original Specific Direction 20, which PSR gave on 19 December 2023, is revoked immediately on the coming into force of this specific direction. It is replaced by this Specific Direction 20 (July 2024), which is a consolidated text including original provisions and amendments as set out in the Schedule of Key Changes

7 12 Commencement and duration

12.1 This specific direction, consolidating changes made to the original Specific Direction 20 and set out in the Schedule of Key Changes, comes into force on 12 July 2024.

7-112.2 Those provisions contained in the original Specific Direction 20 which came into force on 19 December 2023 and were not varied or revoked by this consolidated Specific Direction 20 (July 2024) continue in force until such time as they are varied or revoked.

7-212.3 This specific direction will continue in force until such time as it is varied or revoked by the PSR.

813 Citation

8-113.1 This direction may be cited as Specific Direction 20 (Faster Payments APP scam reimbursement requirement).

914 Interpretation

9-114.1 The headings and titles used in this specific direction are for convenience and have no legal effect.

9-214.2 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.

9-314.3 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.

9-414.4 The following definitions apply in this specific direction:

- **Account controlled by the consumer** means a relevant account that a consumer can access and make payments from. It is not sufficient for it to be in the consumer's name.
- **Authorised push payment (APP)** means a consumer payment initiated by the sending PSP in accordance with an authorisation given by its consumer.
- **APP scam (authorised push payment scam)** means where a person uses a fraudulent or dishonest act or course of conduct to manipulate, deceive or persuade a consumer into transferring funds from the consumer's relevant account to a relevant account not controlled by the consumer, where:
 - the recipient is not who the consumer intended to pay, or
 - the payment is not for the purpose the consumer intended

For the avoidance of doubt, if the consumer is party to the fraud or dishonesty, this is not an APP scam for the purpose of the FPS reimbursement requirement, or the FPS reimbursement rules.

- **Authorisation**, for the purpose of this direction, in the context of a payment means that the payer has given their explicit consent to:
 - the execution of the payment transaction, or
 - the execution of a series of payment transactions of which that payment transaction forms part
- **Business day**, for the purposes of this requirement, means any day (period of 24 hours beginning at midnight) that is not a Saturday or Sunday, or a bank holiday in any part of the United Kingdom.
- **Capable of being a sending PSP** means a directed PSP
 - Which provides a relevant account for a consumer (including a prospective consumer)
 - From which it is or will be possible for an FPS APP scam payment to be made
- **Compliance Data Reporting Standards (CDRS)** means the document produced and published by the PSR, as may be amended from time to time, which sets requirements for the specific information which PSPs must collate, retain and provide to the Faster Payments Operator pursuant to obligations imposed by this specific direction and to enable it to fulfil its responsibilities under specific direction 19.
- **Consumer**, for the purposes of this direction, refers to service users of PSPs. These are individuals, microenterprises (an enterprise that employs fewer than ten persons and that has either an annual turnover or annual balance sheet total that does not exceed €2 million) or charities (a body whose annual income is less than £1 million per year and is a charity as defined by the Charities Act 2011, Charities and Trustee Investment (Scotland) Act 2005 or the Charities Act (Northern Ireland) 2008).
- **Directed PSP** means a PSP participating in the Faster Payments Scheme to which this specific direction applies.
- **Faster Payments Scheme** or **FPS** means the Faster Payments Scheme, a regulated payment system designated by Order from the Treasury on 1 April 2015.
- **FPS APP scam claim** means one or more FPS APP scam payments made as part of an APP scam and made to the victim's PSP.
- **FPS APP scam payment** for the purposes of this direction, means an APP, authorised by a victim as part of an APP scam, that has all the following features:
 1. It is executed through the Faster Payments Scheme.
 2. It is authorised by a PSP's consumer.
 3. It is executed by that PSP in the UK.

4. The payment is received in a relevant account in the UK that is not controlled by the consumer.
 5. The payment is not to the recipient the consumer intended or is not for the purpose the consumer intended.-
- **FPS reimbursement directory** means the list of directed PSPs and their contact details which the Faster Payments Operator maintains for the purposes of managing FPS APP scam claims
 - **FPS reimbursement requirement** means the obligation conferred on directed PSPs under paragraph 3.1 of this specific direction.
 - **FPS reimbursement rules** means any rules created as a result of Specific Requirement 1 (Faster Payments APP scam reimbursement rules) imposed on the Faster Payments ~~Scheme operator~~Operator to create and implement rules on PSPs reimbursing their consumers when they fall victim to APP scams.
 - **Faster Payments Scheme rules** means all rules created by the Faster Payments Operator which relate to and/or govern the access to and/or participation in the Faster Payments Scheme by PSPs (whether members or non-members)
 - **Framework contract** means any contract for payment services which governs the future execution of any payments using FPS whether from an existing relevant account or one that may be set up in future
 - **Indirect access provider** means a PSP with access to the Faster Payments Scheme that has an agreement or arrangements with another person for the purpose of enabling that other person (the 'indirect PSP customer') to provide services for the purposes of enabling the transfer of funds using the Faster Payments Scheme or to become a PSP in relation to the Faster Payments Scheme.
 - **Information** for the purposes of this direction includes any information or data which may be required by either the PSR for the purposes of monitoring compliance with this direction or any other relevant regulatory requirement or the Faster Payments Operator in connection with their responsibilities under specific direction 19.
 - **Member of the Faster Payments Scheme** means a directly connected settling or directly connected non-settling participant.
 - **Notification in writing** by the PSR includes by means of publication on the PSR's website.
 - **Operator** has the same meaning as under section 42(3) of FSBRA in relation to the Faster Payments Scheme. The term Faster Payments ~~Scheme operator~~Operator is to be understood accordingly.
 - **Participant** has the same meaning as under section 42(2) of FSBRA.
 - **Payment System** has the same meaning as under section 41(1) of FSBRA.

- **Payment Systems Regulator (PSR)** is the body corporate established under section 40 of FSBRA.
- **Payment service provider (PSP)** has the same meaning as under section 42(5) of FSBRA.
- **Register** means providing the information specified by the Faster Payments Operator in the Faster Payments rules as required by paragraphs 8.1 and 8.2 of Specific Direction 20 (July 2024), which may be used to support the creation and maintenance of the FPS reimbursement directory.
- **Reimbursable FPS APP scam payment** means an FPS APP scam payment where the consumer standard of caution exception does not apply, the victim is not party to the fraud or claiming fraudulently or dishonestly to have been defrauded and the claim was made within the time limit set out in the reimbursement rules.
- **Relevant account** means an 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.
- **Retain** means to keep information for the period specified, in a readily accessible electronic format where possible.
- **Sending PSP** means a PSP that provides a relevant account for a consumer, from which one or more FPS APP scam payments were made.
- **Service user** means a person who uses a service provided by a payment system and is not a participant in that payment system.
- **Victim** means a consumer who has made one or more FPS APP scam payments.

Made on ~~19 December 2023~~

~~Chris Hemsley~~

12 July 2024

David Geale

Interim Managing Director

Payment Systems Regulator

Schedule of Key Changes

- Recitals 1.6, 1.7 and 1.8 inserted
- Wording deleted from paragraph 2.4: *and the FPS reimbursement rules*
- Wording inserted into paragraph 2.4: *the FPS reimbursement rules, and any requirements imposed in the CDRS. PSPs must also have regard to any other guidance and / or standards issued by the PSR as regards compliance with the FPS reimbursement requirement.*
- New paragraph 2.6 inserted
- New wording inserted into paragraph 3.2: *on or*
- New Section 5 inserted
- New Section 6 inserted
- Original Section 5 now Section 7
- New Section 8 inserted
- New Section 9 inserted
- Original Section 6 now Section 10
- Section 11 inserted
- Original Section 7 now Section 12, amended as follows:
 - Original paragraph 7.1 (now paragraph 12.1) deleted: *This specific direction comes into force on 19 December 2023*
 - New paragraph 12.1 inserted: *This specific direction, consolidating changes made to the original Specific Direction 20 and set out in the Schedule of Key Changes, comes into force on 12 July 2024.*
 - Paragraph 12.2 inserted: *Those provisions contained in the original Specific Direction 20 which came into force on 19 December 2023 and were not varied or revoked by this consolidated Specific Direction 20 (July 2024) continue in force until such time as they are varied or revoked.*
 - Original paragraph 7.2 now paragraph 12.3
- Citation amended, now: *Specific Direction 20 (July 2024) (Faster Payments APP scam reimbursement requirement).*

- New definitions inserted:
 - **Business day**, for the purposes of this requirement, means any day (period of 24 hours beginning at midnight) that is not a Saturday or Sunday, or a bank holiday in any part of the United Kingdom.
 - **Capable of being a sending PSP** means a directed PSP
 - Which provides a relevant account for a consumer (including a prospective consumer)
 - From which it is or will be possible for an FPS APP scam payment to be made
 - **Compliance Data Reporting Standards (CDRS)** means the document produced and published by the PSR, as may be amended from time to time, which sets requirements for the specific information which PSPs must collate, retain and provide to the Faster Payments Operator pursuant to obligations imposed by this specific direction and to enable it to fulfil its responsibilities under Specific Direction 19 (July 2024).
 - **FPS reimbursement directory** means the list of directed PSPs and their contact details which the Faster Payments Operator maintains for the purposes of managing FPS APP scam claims
 - **Faster Payments Scheme rules** means all rules created by the Faster Payments Operator which relate to and/or govern the access to and/or participation in the Faster Payments Scheme by PSPs (whether members or non-members)
 - **Framework contract** means any contract for payment services which governs the future execution of any payments using FPS whether from an existing relevant account or one that may be set up in future
 - **Information** for the purposes of this direction includes any information or data which may be required by either the PSR for the purposes of monitoring compliance with this direction or any other relevant regulatory requirement or the Faster Payments Operator in connection with their responsibilities under specific direction 19.
 - **Notification in writing** by the PSR includes by means of publication on the PSR's website.
 - **Register** means providing the information specified by the Faster Payments Operator in the Faster Payments rules as required by paragraphs 8.1 and 8.2 of Specific Direction 20 (July 2024), which may be used to support the creation and maintenance of the FPS reimbursement directory.
 - **Retain** means to keep information for the period specified, in a readily accessible electronic format where possible.

Status of directions

Directions give rise to binding obligations. Breaching a requirement of a direction is a compliance failure which makes a party liable to regulatory sanction.

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