

## Outcome of consultation on the development of a contingent reimbursement model

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We've published the outcome of our consultation on the design and implementation of a contingent reimbursement model for the victims of authorised push payment (APP) scams. This is one of a range of initiatives to help prevent APP scams and support victims when scams do happen.

### The problem of APP scams

APP scams – where people are tricked into sending money to a fraudster – are crimes that can have a devastating effect on victims. They are the second biggest type of payment fraud reported by UK Finance, in both the number of scams and the total value involved (behind card fraud). (See the table over the page for more details.)

### The reason we consulted

In November 2017, we published a report on the work that we and industry had done to help address APP scams. In our report, we supported the introduction of a contingent reimbursement model that sets out the circumstances when payment service providers (PSPs) would be responsible for reimbursing APP scam victims who have acted appropriately.

Our aim is to establish better incentives for PSPs to prevent and respond to APP scams, and for consumers to remain vigilant. We launched a consultation on whether a contingent reimbursement model should be introduced and the high-level principles we considered an effective model should meet.

### The consultation outcome

We sought opinions from the right organisations to make sure we understood how we can better protect people. We know this is the right thing to do, and consumer groups and many industry players support the need for better protection and a contingent reimbursement model.

We consider that the introduction of an industry code that sets out the contingent reimbursement model's rules, developed collaboratively by industry and consumer group representatives, will promote the interests of users of payment system services and reduce the harm that APP scams can cause to victims.

### What happens next?

We are bringing industry and consumer group representatives together to establish a dedicated steering group to take forward the development of the industry code. The group will have a chair, independent of payment industry interests, appointed by us. This is to ensure there is a collaborative process between industry and consumer groups to design a code that effectively tackles APP scams.

We have set a challenging timetable for the steering group, and we want to see an industry code by September 2018.

The Financial Ombudsman Service can take the code into account in its relevant considerations for future victims of APP scams from September 2018. The steering group will then publicly consult on the code, to refine and finalise it in early 2019. The code will continue to evolve over time to ensure preventative measures are up to date.

# Factsheet

## What happens next?

Date	Milestone
March 2018	Steering group members appointed and early work begins
End August	Steering group agrees on draft of the interim code
End September	Steering group issues interim code for public consultation
Early 2019	Post-consultation amendments made and final code issued

## Key statistics: APP scam statistics, January to June 2017

	Personal	Non Personal	Total
Total cases	17,064	2,306	19,370
Total victims	16,993	2,224	19,237
Total value	£51,664,722	£49,526,924	£101,191,645
Total returned to victim	£9,813,650	£15,404,140	£25,217,791

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