



Sub-Committee on Financial Services Regulations

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Nikhil Rathi
Chief Executive
Financial Conduct Authority
Via email

25 January 2023

Dear Nikhil,

Authorised Push Payment Fraud

I am writing as part of the Treasury Sub-Committee on Financial Services Regulations' scrutiny of the Payment Systems Regulator's '[Authorised push payment \(APP\) scams: Requiring reimbursement](#)' consultation. Those proposals relate to Faster Payments. However, the PSR proposals do not cover 'on us' scams in which the victim and fraudster hold accounts with the same payment services provider (PSP).¹ I would be grateful if you could answer the following questions:

1. What steps has the FCA taken to ensure payment system providers are reducing levels of 'on-us' APP fraud?
2. The PSR has said 'Victims are impacted the same way whether the scam payment is on-us or via Faster Payments. They should not have less right to reimbursement if the fraudster uses an account provided by the victim's own PSP.'² Do you agree?
 - a. Does the FCA intend to implement comparable measures to the PSR's reimbursement proposals for on-us fraud? And, if so, when?
 - b. Does the FCA intend to publish 'further complementary guidance or rules'³ for on-us fraud reimbursement?
3. What actions is the FCA taking to coordinate its approach and the timing of any interventions regarding APP scams reimbursement with the PSR, Bank of England and other bodies?
4. Financial Ombudsman Service data showed that, when victims disputed a PSP's refusal to reimburse their funds under the Contingent Reimbursement Code, the Ombudsman overturned the PSP's decision around 73 per cent of the time.⁴ What action has the FCA taken to date against firms who have adopted a 'perennial refusal'⁵ to reimburse victims? [Q383]

In line with the Committee's usual practice, I will be placing this letter and your response in the public domain. I would be grateful for a reply by 9 February 2023.

With best wishes,

Harriett Baldwin MP
Chair of the Treasury Sub-Committee on Financial Services Regulations

¹ Payment Systems Regulator, [Authorised push payment \(APP\) scams: Requiring reimbursement](#), Sept 2022, para 4.8

² Ibid, para 4.8

³ Ibid, para 4.8

⁴ Which?, [Banks wrongly denying fraud victims compensation in up to 8 in 10 cases](#), 11 November 2021

⁵ Treasury Committee, [Oral evidence: Work of the Financial Conduct Authority, HC 142](#), 7 November 2022, Q383