

# Bank of England

Harriett Baldwin MP  
Chair of the Treasury Sub-Committee on  
Financial Services Regulation  
House of Commons  
Committee Office  
London  
SW1A 0AA

**Dave Ramsden**  
Deputy Governor, Markets and Banking  
Bank of England  
Threadneedle Street  
London  
EC2R 8AH

10 February 2023

Dear Harriett

## Authorised Push Payment Fraud

Thank you for your letter of 25 January 2023. I have also reviewed in detail the Treasury Committee's report "Scam reimbursement: pushing for a better solution" following its publication on 6 February 2023. I want to assure you that we fully agree on the importance of this issue given the potential consequences for consumers and that we are carefully considering the contents of the report in shaping our next steps. Given this, I am not in a position now to comprehensively answer the three questions you pose in your letter. But, I want to explain that for this important agenda, our starting point is that the Bank of England (the Bank) as the operator of the CHAPS payment system (the UK's high-value payment system) supports measures to improve customer protection from retail fraud.

The first question raised in your letter was what steps the Bank has taken to ensure payment system providers are reducing APP scams using the CHAPS payment system. The Bank speaks to a number of CHAPS Direct Participants to understand trends in fraud

The content of this letter may be confidential. Please ensure you handle this information in accordance with the instructions set out in the Bank of England Information Security Classification Scheme available here: [b-o-e-uk/iscs](https://www.bankofengland.co.uk/b-o-e-uk/iscs) or from the Bank upon request.

**Bank of England | Threadneedle Street, London EC2R 8AH**  
**+44 (0)20 3461 4444 | [www.bankofengland.co.uk](https://www.bankofengland.co.uk)**



---

and possible responses. Examples of our engagement with CHAPS Direct Participants with consumers include the following initiatives:

- Confirmation of Payee (CoP): We have hosted roundtables to ensure CHAPS-specific characteristics are considered when implementing Confirmation of Payee. Before PSR mandated the adoption of CoP to 400 more PSPs, we worked on the case for mandating Confirmation of Payee for CHAPS Direct Participants directly and will continue assessing how to ensure CoP is adopted by relevant new CHAPS participants.
- Contingent Reimbursement Model: we encourage CHAPS Direct Participants with retail traffic to adopt this voluntary code, managed by the Lending Standards Board. The Code requests signatories to detect, prevent, and respond to APP scams across FPS and CHAPS.
- UK Finance's Enhanced Fraud Data sharing – currently in Proof of Concept to help share information via an API between sending and receiving PSPs that could help determine if a payment is fraudulent.
- Promoting use of UK Finance's Best Practice Solution – current coverage is around 90% of UK retail payment accounts. The system enables sending PSPs to log fraudulent payments to help receiving PSPs take appropriate action.<sup>1</sup>

I recognise that these measures are not fully mature and that some of the retail fraud measures are not straightforwardly applicable to CHAPS because it is predominantly a wholesale system. The Bank initiated and maintains a list of fraud contacts for CHAPS Direct Participants so that organisations can contact each other more easily if they have concerns about a payment.

The second question raised in your letter was whether the Bank planned to implement comparable measures to the PSR's proposed measures on reimbursement for victims of APP fraud for Faster Payments for the CHAPS payment system. We are committed to achieving the outcomes set out in the consultation, and are in active discussion with HMT and the PSR as to how best these can be implemented. This will also need to manage the differences which arise from some of the unique characteristics of CHAPS – largely because CHAPS users are predominantly financial market participants or making payments for corporate treasury management<sup>2</sup> - whilst providing a simple and effective

---

<sup>1</sup> <https://www.ukfinance.org.uk/system/files/2022-12/UK%20Finance%20PSR%20APP%20Consultation%20Response.pdf>

<sup>2</sup> Unlike in FPS, there is no upper limit for a CHAPS payment and some individual wholesale transactions can be for hundreds of millions of pounds.

process which will protect consumers. Despite this wholesale focus, there are also much lower value consumer payments in CHAPS which we want to protect.

The third question in your letter was how the Bank will coordinate its approach and the timing of any interventions regarding APP scams reimbursement with the PSR, FCA and other bodies. I mentioned above our discussions with HMT and the PSR. The Bank is working closely with HMT, the PSR and the FCA to ensure planning around APP scam reimbursement intervention is aligned effectively. We are also engaging with the FCA in light of their responsibilities under the Payment Services Regulations relating to electronic payments - including CHAPS. The Bank regularly speaks with Pay.UK and UK Finance as part of our coordination on fraud prevention initiatives.

Through coordinating our various complementary initiatives we aim to deliver a robust and consistent protections for consumers but I am mindful that this work remains in progress. I would propose that I write to you again in the coming weeks with a fuller update on questions two and three in your letter once we have developed a clearer plan of the Bank's next steps.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Dave Ramsden', with a long horizontal flourish extending to the right.

Dave Ramsden  
Deputy Governor, Markets and Banking