Dame Meg Hillier MP
Treasury Select Committee
House of Commons
London
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27 February 2025

Dear Dame Meg

Thank you for your letter of 13 February 2026 following the recent PSR evidence session on 4 February and your additional question. I have addressed those questions below.

1. ***How much resource (money and full-time equivalent hours) has the Payment Systems Regulator (PSR) spent on its litigation with Visa, Mastercard and Revolut? (Q139).***

With the Committee's agreement, we have provided details of PSR litigation costs to date directly to the Committee in confidence.

2. ***Does the PSR believe that it needs additional powers which require legislative change? (Q162***)

Competition in payment systems is shaped by several structural factors – for example, users tend to adopt the services that are already widely used (network effects), and some firms operate multiple parts of the payment process (vertical integration). This can lead to the ecosystem being dominated, by a small number of large providers. This concentration can lead to challenges in coordinating delivery of investment and innovation across the system.

Reflecting this, under the Financial Services Banking Reform Act (FSBRA) 2013, the PSR was given three statutory objectives, competition, innovation and service user interests. To deliver these objectives, the PSR has broad regulatory powers including powers over designated payment system operators, infrastructure providers and other participants. A recent High Court judgment confirmed the scope of these powers in relation to price control, although permission to appeal is being sought. These objectives and regulatory powers are essential to ensuring that we can take effective action to promote competition in payment systems.

That is why, within the context of the consolidation, we support maintaining the full scope and substance of the PSR's core functions, objectives, and powers.

There is, however, still room for improvement, particularly in streamlining processes, clarifying responsibilities between regulators and ensuring that investigative powers remain effective (noting the difficulties of regulating global businesses and the rise of digitalisation), and the need for legal frameworks to keep pace with evolving commercial models.

The PSR and FCA have been working with the Treasury to consider how a new legislative framework can support effective integration of the two regimes. Our aim is to create a coherent framework, that avoids unnecessary duplication, complexity, or uncertainty.

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We are not seeking broad new powers but do see targeted opportunities where legislative change could improve the framework – such as simplifying access arrangements and enhancing appeals and enforcement mechanisms for information gathering notices. These changes would support a more coherent and effective regulatory system while preserving the PSR's distinct remit. We continue to engage with the Treasury on how these issues may be addressed through the ongoing legislative process.

Since 2015 the FCA and PSR have also operated as concurrent competition regulators (alongside the Competition and Markets Authority and other sector regulators), enabling us to take retrospective enforcement actions against breaches of the Competition Act 1998 (CA98), and to conduct market studies under the Enterprise Act 2002 (EA02). These further powers mean that the PSR has a broad and flexible toolkit, combining power to both address past anti-competitive behaviour (including by imposing penalties under the Competition Act 1998) and to adopt forward looking initiatives (under FSBRA or Enterprise Act 2002) to promote competition, growth and innovation in the UK payments. This enables us to take a holistic approach and apply whichever power is most appropriate to the circumstances and ultimate objective, working closely with other regulators where there is overlap (for example the FCA and PSR work with the CMA's Digital Markets Unit in relation to digital wallets).

Successive legislative interventions have strengthened investigative and enforcement powers available to concurrent competition regulators under the CA98 and EA02, most recently through the Digital Markets, Competition and Consumers Act 2024. We are engaging with the Department of Business and Trade (DBT) on its proposals to improve coordination and clarify responsibility between concurrent regulators, including around supervision of existing remedies.[1]

3. ***Why did the PSR only set up its supervisory function in 2023, almost 10 years after the PSR was established? (Q163)***

As I mentioned during the evidence session, in its initial stages the PSR had fewer areas that required supervisory work. Our early work centred on undertaking market studies and developing policy interventions to address the issues we identified. This approach was right for the time; it allowed us to build a solid understanding of the markets, diagnose harms, and put in place the initial set of directions needed to improve outcomes.

As the organisation has matured, the landscape has changed significantly. The policy and market-study work we carried out in our early years has resulted in a number of directions and regulatory interventions that now require active monitoring, supervision, and, where necessary, enforcement. This naturally, brought a shift in focus, from designing remedies to supervising them and ensuring they deliver the outcomes intended.

To support this shift, we strengthened our supervisory function by creating the Supervision and Compliance Monitoring (SCM) Division in 2023, bringing together three complementary teams - Supervision, Compliance Monitoring, and Enforcement into a single division focussed on delivering proactive and risk-based oversight.

The formation of this division did not mark the beginning of supervision at the PSR, rather, it formalised and reinforced our increasing focus on monitoring of compliance with our directions. It also reflects our commitment to increased, meaningful engagement with firms we regulate, alongside our ambition to deliver robust forward-looking scrutiny of payment systems.

This approach also recognises that our supervisory model differs from regulators such as the FCA, which operate detailed rule-books. Our framework has always been shaped by our role as an economic regulator with a distinct statutory remit.

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[1] These proposal are part of a broader consultation on refining the UK's competition regime – see *Refining our competition regime - GOV.UK*

Since the PSR was established, we have taken enforcement action as and when necessary, often as a direct result of our supervisory work. In 2017, we issued our first enforcement outcome, publishing a decision notice and public censure in relation to a breach of General Direction 6 by a payment systems operator due to its failure to publish board minutes as required. We have since used our enforcement powers across a range of issues. In 2022, acting as the lead authority for the Interchange Fee Regulation, we fined NatWest Group banks £1.82m and Barclays Bank Plc £8.4m for failing to comply with interchange fee regulations. In the same year, we concluded a CA98 investigation related to the prepaid cards market, fining five companies more than £33 million for engaging in cartel behaviour that restricted competition.

Most recently, in February 2026, we fined Bank of Ireland (UK) over £3.7 million for failing to comply with Specific Direction 17 by not implementing Confirmation of Payee within the required timeframe, leaving customers without this important protection for an extended period.

Our supervisory interventions have also delivered a number of meaningful outcomes without the need to rely on enforcement action, thereby using our resources as effectively as possible. Through our increased focus on pro-active supervisory interventions, we have ensured that: firms complied with card-acquiring contract requirements (from our Card Acquiring Market Review), leading to hundreds of contracts being corrected; accelerated industry delivery of Confirmation of Payee, secured fairer access by removing disproportionate liability terms from dozens of commercial contracts; and used our statutory powers in Authorise Push Payment (APP) fraud cases to investigate outlier firms and address potential non-compliance.

4. ***When does the PSR plan to publish its formal approach to supervision? (Q163)***

We have already taken significant steps to develop our approach to supervision. In April 2024[2], we published our proposed Approach to Supervision and opened a call for views to gather stakeholder feedback. Following this, we produced a high-level outline of our supervisory approach and framework available on our website, setting out our supervisory principles, characteristics and processes.

We are now considering how best to refine and communicate our supervisory approach in light of the planned consolidation of the PSR into the FCA. As part of this work, we are assessing whether further publications would be useful. Our aim is to ensure that any future approach is coherent, proportionate and aligns, where appropriate, with the FCA's established supervisory practices, while continuing to reflect the PSR's distinct responsibilities as the economic regulator of payment systems.

We recognise that the terms of the PSR consolidation into the FCA are still being considered by Government and Treasury. We will conclude our approach once legislation is finalised.

5. ***Do the PSR and/or the Financial Conduct Authority (FCA) hold data on the time taken for technology firms to respond to requests to remove scams on social media? If so, please provide us with this data. (Qq184-185)***

The FCA does not routinely track the time taken for technology firms to respond to our removal requests. Doing so is resource intensive, and we believe that technology firms themselves are best placed to monitor these response times and provide updates to the FCA and Parliament.

We do, however, hold data related to a subset of our removal requests submitted through a third-party firm the FCA uses to assist with its take down requests. The data below covers take down requests submitted during 2025 where we have at least five takedowns within the sample to ensure accuracy.

[2] PSR proposed approach to supervision, April 2024

Platform	*Average of days for takedown*
Facebook	*9*
Instagram	*3*
Telegram	*Less than 1*

We would make the following comments regarding certain technology firms.

- **Meta:** Following the Committee's correspondence with Meta in 2025 we have seen a marked improvement in the speed of Meta responding to FCA takedown requests. In Q4 2025 the vast majority of takedowns were actioned within 48 hours.
- **TikTok:** In our experience, TikTok is responsive to our removal requests and actions the vast majority within 48 hours.
- **X (formerly known as Twitter):** X is the only social media platform the FCA engages with that refuses to remove accounts reported by the FCA for illegally promoting financial services. It may take action where the accounts breach its policies but has stated that it will not take action to remove an account based solely on a breach of the financial services perimeter.

The speed of responding to a takedown request is only one component of protecting UK consumers from scams. More important are the measures put in place by tech firms to prevent fraudsters and stop them from reappearing on the platform.

We remain concerned that it appears to be easy for fraudsters to bypass Meta's controls and phoenix (create a new account) or lifeboat (move across to a backup account they had already created) to new accounts as soon as one is removed. For example, during our December 2025 week of action we identified 29 high priority accounts on Meta illegally promoting large volumes of Contracts for Difference and Foreign Exchange trading adverts. Of these:

- 48% of the accounts (14 out of 29) and
- 58% of the adverts (358 out of 640)

were linked to individuals already on the FCA's warning list and who we had previously reported to Meta. These persistent and repeat fraudsters have significant impact on consumers: these accounts and adverts generated 82% of the views (3.06 million out of 3.8 million).

I hope this letter addresses your follow-up and additional questions. I look forward to continued engagement with the Committee.

Yours sincerely

David Geale
Managing Director