

The Rt Hon Dame Meg Hillier MP
Chair, Treasury Select Committee
House of Commons
London
SW1A 0AA

1 July 2026

Dear Dame Meg,

Following the Committee's continued interest in Authorised Push Payment (APP) scam reimbursement and our discussion at the Payment Systems Regulator accountability hearing on 4 February 2026, I am pleased to provide an update on the independent evaluation of the reimbursement requirement.

At the session, we discussed the early performance of the PSR's world-leading policy, which is providing meaningful protection to victims of fraud. In the first 15 months of the rules being in operation, 89 per cent of in-scope APP fraud was reimbursed to victims by value, claims were resolved promptly, and firms faced stronger incentives to invest in fraud prevention.

However, the growing scale and sophistication of scams mean that fraud remains a significant and evolving challenge, including APP fraud outside the scope of our policy. UK Finance data shows that overall APP fraud losses rose by 19 per cent last year to £576.5 million, with online platforms and telecommunications continuing to play a major role: 66 per cent of APP cases originated online and 17 per cent began via telecommunications.

As previously committed, the PSR commissioned Frontier Economics to carry out an independent evaluation of the APP scams reimbursement policy, which has now been published. The evaluation considered the policy's impact on PSP actions to tackle APP fraud, fraud levels, consumer welfare, PSPs and other markets.

The report confirms [here](#) this policy is working. It is strengthening consumer protection and driving firms to invest more in preventing fraud in the first place.

Frontier estimates that APP fraud losses have fallen by an estimated £73 million per year and the number of APP scams have fallen by nearly 35,000 due to the policy. Reimbursement rates for all claims have risen from 54% to 65%, and for in-scope claims, firms are now reimbursing 97%¹. The biggest improvements have been seen by firms that had the highest APP fraud levels before the policy came into force – a clear sign the incentives are working as intended.

¹ Frontier Economics' analysis is based on the date of the scam, while UK Finance data reflects when claims are closed. The PSR dashboard also reports on claims closed and covers only in-scope transactions from 7 October 2024. UK Finance data includes all APP fraud losses, so the figures are not directly comparable.

While progress is clear, the evaluation identifies some inconsistency in how firms are applying the requirements. We are taking action to address this, with a clear programme already underway to improve consistency.

We are considering how best to take forward measures to strengthen consistency of outcomes, transparency and consumer protection, while maintaining incentives for firms to prevent fraud and supporting wider ecosystem responsibilities. Whilst the policy is working well, there are some areas for consideration and possible calibration. We are engaging with stakeholders and expect to consult on proposed policy changes in the second half of 2026.

Alongside any consultation, we will continue to:

- monitor firm compliance closely and take action where required;
- work in collaboration with the FCA and Pay.UK to support effective implementation of the regime; and
- develop our approach to APP fraud data and reporting to improve transparency and support system-wide efforts to reduce fraud.

I look forward to keeping the Committee updated as this work progresses.

Yours sincerely,



David Geale
Managing Director, Payment Systems Regulator and
Executive Director for Payments and Digital Finance, FCA