Mel Stride MP
Chair, Treasury Select Committee
House of Commons
London
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27 March 2020

Dear Mr Stride

I hope you found our response to the Committee's report 'Economic Crime: Consumer View' (31 January 2020) to be a useful account of the work we have been leading on to tackle Authorised Push Payment (APP) fraud, including our work on Confirmation of Payee (CoP).

Given the current circumstances, we thought it would be helpful to update you on the implementation of this very important tool which will help in the efforts to prevent APP fraud and accidentally misdirected payments. We want to see this technology made widely available to consumers and businesses as soon as possible. That is why, in August 2019, we instructed members of the UK's six largest banking groups to implement Confirmation of Payee by 31 March 2020.

However, we have had to be mindful of the potential impact that COVID-19 may have on the delivery of Confirmation of Payee, and to recognise that people and businesses are having to adapt their ways of working in light of the pandemic.

We have spoken to the Payment Service Providers (PSPs) required to implement CoP, Pay.UK and UK Finance to understand this potential impact, including, for example, the possibility of reduced front-line staff and/or support staff that are able to deal with CoP related customer enquiries.

The PSPs have advised that many of them are managing COVID-19 related risks as part of their planned work programme and are already testing CoP in a live environment, reflecting that go-live dates are imminent. We know that some PSPs have already communicated to their customers that CoP is rolling out soon, meaning any delay could risk confusing customers. We understand those PSPs are working to meet their planned implementation dates in line with the 31 March deadline where possible. On the other hand, some PSPs may need a small amount of extra time because of the significant pressure they are currently under.

Given the significant pressure on businesses at this time, we have carefully considered our regulatory approach to the implementation of this system and informed the PSPs of our expectations. In general:

a) We do not want customers to be disadvantaged by any delay to CoP implementation, and so expect PSPs required to implement CoP to refund customers who fall victim to either APP scams or misdirected payments in instances where CoP would likely have protected those customers

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b) PSPs must take appropriate steps on the roll-out of CoP for each of the customer channels for which they are responsible (e.g. telephone, in branch, online) including by implementing CoP as soon as reasonable, either by or after 31 March 2020, taking into account the impact of COVID-19
c) To the extent that PSPs protect customers in line with the first two points, (a) and (b), we would not take any formal action in respect of delays to the introduction of CoP across particular channels for the period up to 30 June 2020

This approach provides a degree of flexibility to PSPs during this challenging time. It does not, however, prevent PSPs from implementing CoP ahead of 30 June. Indeed, a number of payment channels have already gone live with CoP, ahead of the 31 March deadline.

We will stay in regular contact with the PSPs during this period and will keep our approach under review in light of the impact of COVID-19 as it develops. We will be able to provide you and the Committee with a further update ahead of 30 June 2020.

Please don't hesitate to contact me if you would like to discuss this further.

Yours sincerely

Chris Hemsley
Managing Director