



David Geale
Interim Managing Director
Payment Systems Regulator
12 Endeavour Square
London
E20 1JN

25 September 2024

Dear Mr Geale,

Re: Faster Payments APP Scams mandatory reimbursement scheme: Request for more time for firms to get it right first time

The Payments Innovation Forum (“PIF”) is a not-for-profit trade association representing firms that are regulated under the Payment Services Regulations 2017 (PSRs) and Electronic Money Regulations 2011 (EMRs). Our members include issuers, issuer processors, BIN Sponsors and Sponsored Program Managers, providing digital and online payment products and services, card-based accounts and payments and mobile payments to consumers, businesses, government and local government authorities.

On 7 October 2024, the Faster Payments APP Scams Reimbursement Regime is due to enter into force for directed PSPs. While we fully support the principle behind the reimbursement requirement, particularly its goal to promote and protect the interests of consumers, we are concerned that our members have had insufficient time to address critical operational challenges. Chief among these challenges is the delayed delivery of Pay.UK’s Reimbursement Claims Management System (RCMS) which means that firms have a very limited amount of time to test and train using the RCMS. In our view, the approach to APP scam claims management appears to have overlooked that larger PSPs will continue to use the UK Finance BPS platform whilst others, including smaller PSPs who cannot use the BPS, will settle claims manually. This will severely limit the opportunity for PSPs to (i) share data in real-time, which is

vital in helping to spot and stop APP scams; and (ii) assess each claim properly within the reimbursement timeframe.

Even at this late stage, with less than two weeks until the go-live date, we ask that consideration is given to delaying implementation to ensure that firms across the industry can comply effectively and without unintended consequences for consumers. The industry is still digesting the consequences of recent guidance being published, such as the guidance published this week regarding the identification of APP scams and civil disputes. Firms need a reasonable amount of time to review such guidance and consider how best to implement it into their processes.

As such, **our primary concern lies not with the intent of mandatory reimbursement, but the complexities surrounding its execution**, in particular the claims management process. The rule introduces processes and systems that require significant changes to the infrastructure of many firms. These changes demand careful planning, testing and integration to avoid disruption that could inadvertently affect the very consumers the new requirement seeks to protect.

Furthermore, there are several aspects of the new requirement that require clarification to ensure consistent and fair implementation across the industry, for example, the role and relationship between direct and indirect participants of the Faster Payment System and the management of claims occurring through them. Without clear guidance, firms risk interpreting the rules in ways that may lead to inconsistent application or non-compliance, which would ultimately undermine the consumer protection goals of the new rules.

A delay would provide the necessary time for firms to fully understand the new requirement, address operational challenges, and implement needed changes without compromising their obligations to consumers. This would ensure that ambiguities are resolved, firms can get compliance right first time, and consumers will experience consistent levels of protection. We therefore believe that getting it right from the outset is in the best interests of both industry and consumers.

In closing, we want to reiterate that we are supportive of the principles of the new requirement, but **we strongly believe that a modest delay in its implementation will enable firms to**

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implement the requirement in a way that is fair, efficient and beneficial for all stakeholders.

We would welcome the opportunity to discuss our request with you, to ensure that mandatory reimbursement achieves its desired outcomes for consumers and is seen as a regulatory success story, while also promoting innovation and competition in UK payments.

Thank you for your consideration.

Yours sincerely,

A handwritten signature in cursive script, appearing to read "Diane Brocklebank", is displayed on a light green rectangular background.

Diane Brocklebank

Director

Payments Innovation Forum