26 June 2019

Dear Nicky,

Further to your letter from 17th June I wanted to respond regarding the application of the Authorised Push Payment Scams Voluntary Code (the "Code") for historic complaints.

As you will be aware the Steering Group was established at the request of the PSR to consider and develop a voluntary code for the reimbursement of consumers. Throughout its work the Steering Group has been directly accountable to the Payment Systems Regulator during its activity and the composition of the steering group was developed to ensure an equal number of representatives of payment service providers and consumers.

The PSR requested the establishment of the Steering Group in its Report and Consultation on Authorised Push Payments (CP17/2) published in November 2017. As part of this document the PSR set out the key parameters for the development of a voluntary solution. The PSR made its clear in this paper that it was not appropriate for any voluntary code to apply retrospectively, noting in paragraph 6.49 that:

"We do not expect a contingent reimbursement model to involve retroactive reimbursement (for scams that happened before the model was introduced). This is because we recognise that PSPs cannot retrospectively implement or adhere to the standards of the model. PSPs would continue to be able to offer goodwill payments in these circumstances."

Working on the parameters set by the PSR the Steering Group has focussed on the development of a voluntary code that will apply to future cases of APP scams. Such an approach obviously does not prevent PSPs from considering goodwill payments for customers who have been victims of these crimes prior to the Code's implementation on 2a th May 2019.

I also note that during the public consultation on the Code, undertaken from September - November 2018, only two of the fifty-three responses received raised the question of retrospective reimbursement. Following the consideration of these responses and the other submissions received the Steering Group concluded that it was indeed appropriate that the Code apply on a forward-looking basis.

If you would like to discuss the work of the Steering Group further, please do not hesitate to contact me.

Yours sincerely

Ruth Evans
Independent Chair, APP Scams Steering Group