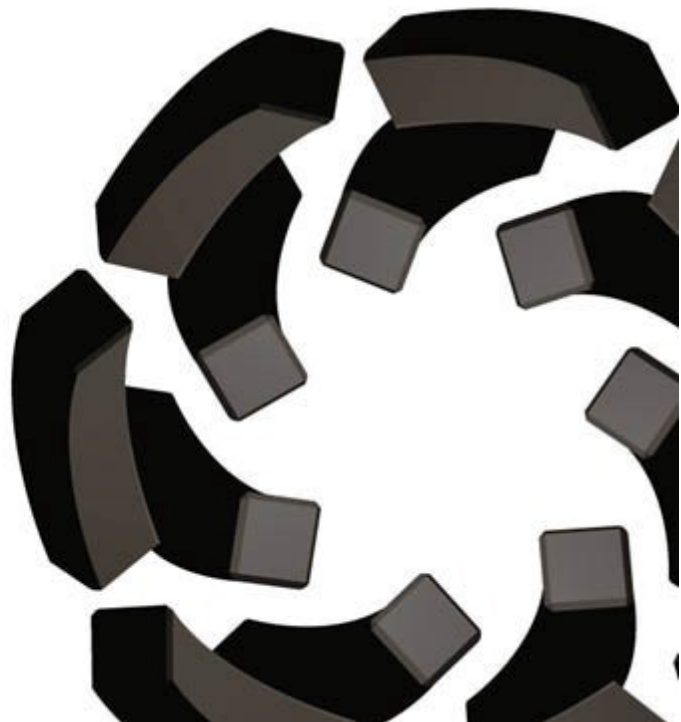




FPS Reimbursement Rules

Date: 7 June 2024
Classification: Public



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1 Document Control

1.1 Version History

VERSION	DATE	REVISION DESCRIPTION/SUMMARY OF CHANGES
1.0	24/05/2024	Document baselined for approval ahead of publication on 7 th June

1.2 Document reviewers

STAKEHOLDER	ACTION
James Whittle, Director of Standards and Rules Jack Gittings, Head of Payment Ecosystem Rules Rachael Kirkby, Senior Rules Governance Analyst	P
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Action: P – Producer; C – Contributor; R – Reviewer; A - Authoriser; I - Information only

1.3 References

This document should be read in conjunction with the following documents, and it must be considered to supersede all other assurance documents as far as the implementation of APP reimbursement is concerned.

DOCUMENT	NOTES
[FINAL PSR LEGAL INSTRUMENTS TO BE INCLUDED FOLLOWING CONCLUSION OF C24-3]	
COMPLIANCE MONITORING REGIME	

1.4 Copyright statement

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2 Purpose and regulatory context

This Schedule 4 has been drafted pursuant to a requirement by the Payment Systems Regulator (the **PSR**), exercising its powers under section 55 of the Financial Services (Banking Reform) Act 2013 (**FSBRA**), that the Company amend its rules.

Under section 72 of the Financial Services and Market Act (**FSMA**) 2023, the PSR must introduce a reimbursement requirement for Authorised Push Payments (APP) scam payments made over the Faster Payments Scheme (FPS). Under Specific Direction 1¹, the PSR requires the Faster Payments operator to change the Faster Payment Scheme rules by 7 June 2024, to achieve the specified purpose of incorporating the reimbursement requirement and additional exceptions and provisions into these rules. The Faster Payments operator must implement the rule changes from 7 October 2024 (the *Effective Date*).

The FPS reimbursement requirement applies to all Reimbursable FPS APP scam payments executed from the Effective Date and in line with the exceptions and additional provisions set out in Specific Requirement 1.

[Subject to the conclusion of the PSR consultation CP24-3, from 20 August 2024] all Directed PSPs, whether they are Members of the Faster Payments Scheme or not, must have registered with the Faster Payments operator for the purposes of reporting data and compliance monitoring and management. Registration of Directed PSPs will be via a registration form to be provided and made accessible by the Faster Payments operator. Data must be provided as specified by the registration form to ensure accurate and unambiguous identification of the Directed PSP to the Faster Payments operator. The registration form will request the following data:

1. confirmation that the Directed PSP provides accounts in the UK that can send or receive faster payments
2. the Directed PSPs authorisation to be a PSP in the UK, including registration number
3. confirmation as to whether the Directed PSP is a direct Member of Faster Payments
 - a. if not a direct Member of Faster Payments, confirmation which PSP(s) provides the Directed PSP with access to the Faster Payments Scheme
4. confirmation that the Directed PSP provides Relevant account(s) as per Specific Direction 20 and the FPS reimbursement rules
 - a. a list of sort code ranges issued for Relevant account(s) or that receive payments related to Relevant account(s) for the Directed PSPs customers
5. whether the Directed PSP sends faster payments on behalf of Consumers
6. whether the Directed PSP receives faster payments into accounts provided to customers

[Subject to the conclusion of the PSR consultation CP24-3, from 1 May 2025] all Directed PSPs, whether they are Members of the Faster Payments Scheme or not, must be Onboarded to the Reimbursement Claims Management System (RCMS) and using the system to complete all actions required of them as defined by the FPS reimbursement rules to manage FPS APP scam claims, communicate with Directed PSPs in respect of FPS APP scam claims and comply with the information collation, retention and provision obligations set out in Specific Direction 20 in

¹ Specific Requirement 1 on the Faster Payments Scheme operator to insert APP scam reimbursement rules into the Faster Payments rules, December 2023.

relation to the FPS reimbursement requirement. As a user, Pay.UK requires that each Directed PSP agrees, with effect from the date of it joining the RCMS, to assume certain rights and obligations regarding its conduct in relation to the RCMS. Any Directed PSP acting in the capacity of a sponsoring Bank DCS Participant, as per the FPS rules shall not be responsible for any Directed PSP they sponsor as far as their participation, usage and compliance with the FPS reimbursement rules are concerned, unless where that Directed sponsoring Bank DCS Participant controls access to the FPS APP scam claim funds by the Directed PSP. In all other cases, all Directed PSPs whether they are Members of the Faster Payments Scheme or not are equally accountable to Pay.UK for their compliance with this Schedule 4, the 'FPS Reimbursement Rules'.

The FPS reimbursement requirement does not impact the settlement finality of payments executed through the Faster Payments Scheme, nor does the treatment of FPS APP scam claims alter any other legal obligations that exist as they apply to consumer treatment under other legal regimes, such as the Financial Ombudsman or CRM.

3 FPS reimbursement requirement and scope

Application

This Schedule 4 applies to all Directed PSPs, regardless of whether they are a Member of Faster Payments and are party to the FPS Rules, Rules for the Faster Payments Service, or not.

FPS Reimbursement Requirement

- 3.1** When a Victim reports a Reimbursable FPS APP scam payment to their Sending PSP, the Sending PSP must reimburse the Victim in full. This is the FPS reimbursement requirement.

Scope of the FPS Reimbursement Requirement

- 3.2** The FPS reimbursement requirement applies to all Reimbursable FPS APP scam payments executed from the implementation date. The implementation date is 7 October 2024.
- 3.3** If a Victim submits details of an FPS APP scam claim to their Sending PSP, the Sending PSP must pay the Reimbursable Amount, calculated under these rules, to the Victim within five Business days of the Victim making an FPS APP scam claim to the Sending PSP, unless the Sending PSP exercises the ‘stop the clock’ provision set out in clause 4.6.
- 3.4** If a Sending PSP submits details of their payment of the Reimbursable Amount to the Faster Payments operator, using the RCMS where possible, the Receiving PSP must pay the Reimbursable Contribution Amount, calculated under these rules, to the Sending PSP within five Business days.

Exceptions to the Reimbursement Requirement

- 3.5** PSPs are not required to reimburse any FPS APP scam payment(s) where the Consumer Standard of Caution Exception applies². The Consumer Standard of Caution Exception applies where a Sending PSP can demonstrate that a Consumer who has made an FPS APP scam claim has, as a result of gross negligence, not complied with one or more of the following standards (the consumer standard of caution):
- a. The Consumer should have regard to any intervention made by their Sending PSP and/or by a Competent National Authority (CNA).
 - b. The Consumer should, upon learning or suspecting that they have fallen Victim to an APP scam, report the FPS APP scam claim promptly to their Sending PSP.
 - c. The Consumer should respond to any reasonable and proportionate requests for information made by their Sending PSP for any of the purposes set out in clause 4.6 of these rules.
 - d. The Consumer should, after making an FPS APP scam claim, consent to the PSP reporting to the police on the Consumer’s behalf or request they directly report the details of an APP scam to a CNA.

² <https://www.psr.org.uk/media/tbbdhkcx/sr1-consumer-standard-of-caution-exception-dec-2023.pdf>

The Consumer Standard of Caution Exception does not apply if the Victim was a Vulnerable Consumer at the time they made the FPS APP scam payment, and this had a material impact on their ability to protect themselves from the scam.

- 3.6** PSPs are not required to reimburse APP scam Victims above the maximum level of reimbursement. The maximum level of reimbursement applies to each FPS APP scam claim and is set by the PSR and published on its website³. If a Sending PSP reimburses its Consumer any sum above the maximum level of reimbursement, other than as required by paragraphs 4.1 to 4.8, 5.1 to 5.8 and 5.16 to 5.17 in Specific Direction 1, this will be considered a voluntary reimbursement.
- 3.7** PSPs are not required to reimburse FPS APP scam claim payments reported more than 13 months after the date of the final FPS APP scam payment of the claim, or FPS APP scam claim payments that occurred before 7 October 2024. If a Sending PSP reimburses a claim reported more than 13 months after the final payment, or that occurred before 7 October 2024 these will be considered a voluntary reimbursement.

Validating an FPS APP scam claim

- 3.8** An FPS APP scam payment means a payment order authorised by a Victim as part of an APP scam which has all the following features:
1. It is authorised by a Victim who is (i) a customer of and holds a Relevant account with the Sending PSP and (ii) holds that Relevant account as a Consumer;
 2. It is executed by the Sending PSP from a Relevant account located in the UK;
 3. The resulting funds transfer is settled through FPS;
 4. The payment is settled to a Relevant account under the control of a Receiving PSP in the UK that is not controlled by the Consumer;
 5. The payment is executed to the Relevant account identified in the Consumer's payment order to the Sending PSP, but:
 - a. that payment is not to the recipient the Consumer intended to receive the payment, or
 - b. the payment is for a purpose other than that intended by the Consumer.
- 3.9** An FPS APP scam payment is a Reimbursable FPS APP scam payment if the Sending PSP, having conducted an assessment, determines that:
1. the Consumer Standard of Caution Exception does not apply, or the Victim was a Vulnerable Consumer at the time when the APP scam payment was authorised;
 2. the Victim is not party to the fraud;
 3. the Victim is not claiming fraudulently or dishonestly;
 4. the Victim is not claiming for an amount which is the subject of a civil dispute or other civil legal action;

³ <https://www.psr.org.uk/media/ptifeagc/sr1-max-limit-value-supplementary-dec-2023.pdf>

5. the Victim is not claiming for an amount which the Victim paid for an unlawful purpose;
and
6. the FPS APP scam claim was reported no more than 13 months after the date of the final FPS APP scam payment of the claim and not before 7 October 2024.

3.10 Sending PSPs must:

1. collect notifications of reported FPS APP scam claims from their Consumers in accordance with clause 4.1;
2. assess each reported FPS APP scam claim to determine whether one or more of the FPS APP scam claim payments is a Reimbursable FPS APP scam claim in accordance with clause 4.4; and
3. submit data on each reported FPS APP scam claim and the payment of each Reimbursable Contribution Amount to the Faster Payments operator in accordance with clause 5.2.

4 Payment of the Reimbursable Amount

Collection of FPS APP scam claims by Sending PSPs

- 4.1** If a Sending PSP receives a reported FPS APP scam claim from their Consumer, the Sending PSP must notify the Receiving PSP, using the RCMS where possible, within two hours of the claim being reported by the Consumer by submitting the following information:
1. the sort code(s) and account number(s), and/or relevant secondary reference data (for example roll numbers) to identify the account(s) to which the payment(s) were executed, whether or not the Sending PSP has confirmed that such account is held in the UK with a Receiving PSP;
 2. the amount(s) of all FPS APP scam payment(s) reported in the scam claim;
 3. the date and time at which the FPS APP scam claim was reported by the Consumer; and
 4. any proportionate or reasonable evidence held by the Sending PSP confirming or explaining that the payment was not made to the recipient intended by the Consumer or that the payment was received for a purpose other than that intended by the Consumer.
- 4.2** Following the notification of a reported FPS APP scam claim, submitted under clause 4.1, the Receiving PSP has the opportunity to respond to the Sending PSP with any information it believes to be relevant to the claim, up to a maximum of three Business Days after the notification⁴ of the claim. For the avoidance of doubt, the Sending PSP cannot complete its assessment of the claim until either:
- a. The opportunity to respond period of time, which is the end of the third Business day after the claim was opened, has elapsed or;
 - b. All Receiving PSPs have responded to the notification.

If a Sending PSP chooses to reimburse the Victim in advance of completing the assessment to determine whether any payment(s) within the claim are reimbursable, and where the Receiving PSP subsequently provides evidence that the claim is not reimbursable then the Sending PSP cannot request the Reimbursable Contribution Amount from the Receiving PSP and must treat the claim as a voluntary reimbursement. The Sending PSP must update the claim, using the RCMS where possible, accordingly.

Assessment of reported FPS APP scam claims

- 4.3** When a Sending PSP is informed by the Victim of the details of the FPS APP scam claim, the Sending PSP is required, under the FPS reimbursement requirement, to allow the Receiving PSP the opportunity to respond, to assess all FPS APP scam claim payments and pay any Reimbursable Amount to the Victim within five Business days, except to the extent that such period is extended in accordance with clause 4.6 below.

⁴ Business Day count will commence from 00:00hrs (midnight) of the next Business Day following the notification

- 4.4** If a Victim submits details of the FPS APP scam claim to their Sending PSP, the Sending PSP must assess the claim to determine whether the reported FPS APP scam claim is a Reimbursable FPS APP scam payment(s).
- i. Any additional FPS APP scam payments may be added to a claim up until the point that the assessment is completed by the Sending PSP and the outcome of the claim is determined as either reimbursable or rejected as non-reimbursable
 - ii. Any further FPS APP scam payments identified to be part of the same FPS APP scam claim after the assessment is complete and the outcome determined must be raised as a new claim, using the RCMS where possible, referencing the claim ID of any associated FPS APP scam claim(s). When a new claim is linked to any associated FPS APP scam claim(s) it must not involve any additional or new excess being applied to the Victim.
- 4.5** Sending PSPs may pause the five-Business day reimbursement timescale set out under clause 3.3 by using the 'stop the clock provision' if it has asked for further information to assess the reported FPS APP scam claim.
- 4.6** Sending PSPs can only pause the five-Business day reimbursement timescale for as long as is necessary to receive information for one or more of the following reasons:
1. to gather information from the Victim(s) or their Agent to assess whether the claim is a reimbursable FPS APP scam claim
 2. to gather information from the Receiving PSP to assess whether the claim is a reimbursable FPS APP scam claim
 3. to verify that an Agent is submitting a legitimate claim – for example, validating that the Victim has authorised the company to submit a claim
 4. to gather additional information from a Victim to assess if they were a Vulnerable Consumer at the time they made the FPS APP scam payment(s)
 5. where the Sending PSP has evidence of fraud on the part of the person who made the FPS APP scam claim, to gather additional information from the Receiving PSP, law enforcement or other relevant parties
 6. for scams involving multiple Receiving PSPs, to gather additional information from all other PSPs involved
- 4.7** A Receiving PSP that receives a request from a Sending PSP under clause 4.6 to provide information in relation to a reported FPS APP scam claim must respond accurately and as soon as possible but recommended to be no later than the end of the 25th Business Day.
- 4.8** The five-Business day period within which clause 3.3 must be complied with shall be deemed to continue from such time as the Sending PSP has received any information requested under clause 4.6 and does not need to request any further information from any party in order to determine whether the reported FPS APP scam claim satisfies the criteria of a Reimbursable FPS APP scam payment.

- 4.9** The Sending PSP may stop the clock as many times as necessary to complete its assessment. However, it must close the claim before the end of the 35th Business day following the reporting of the FPS APP scam claim by the Victim or their Agent to their Sending PSP.
- i. Where the Sending PSP has made multiple requests to gather information under stop the clock and these requests are all open in parallel, the clock remains stopped until the final response is received.

- 4.10** The Sending PSP must retain a record of each assessment.

Outcome of assessment

- 4.11** A Sending PSP must not complete its assessment of the FPS APP scam claim until after the end of the third Business day following the reporting of an FPS APP scam claim from their Consumer. If a Sending PSP assesses that a reported FPS APP scam claim satisfies the criteria of a Reimbursable FPS APP scam payment, it must:
1. Inform the Victim of its decision, credit the relevant account which the Victim holds with the Sending PSP with the Reimbursable Amount, and (if appropriate) provide an explanation as to why the Reimbursable Amount is less than the total value of the APP scam claim.
 2. Submit a notification to the Faster Payments operator, using the RCMS where possible, within one Business Day that the reported FPS APP scam claim must result in a request for payment by the Receiving PSP of the Reimbursable Contribution Amount. For the avoidance of doubt, the Sending PSP cannot complete their assessment and submit the notification before the 'opportunity to respond' has concluded.
- 4.12** If a Sending PSP assesses that a reported FPS APP scam claim does not satisfy the criteria of a Reimbursable FPS APP scam claim, it must:
1. Inform the Consumer that the reported APP scam claim does not satisfy the criteria of a Reimbursable FPS APP scam claim and, to the extent permitted by law, provide a summary of the reasons for that decision; and
 2. Submit a notification to the Faster Payments operator, using the RCMS where possible, within one Business Day confirming the reason for the rejection of the claim. For the avoidance of doubt, the Sending PSP cannot complete their assessment and submit the notification before the 'opportunity to respond' has concluded.
- 4.13** An FPS APP scam claim may not be closed by the Sending PSP until it has completed its assessment of the FPS APP scam claim and the opportunity to respond, detailed under clause 4.2, has concluded. To close the FPS APP scam claim the Sending PSP must have assessed the claim as including or not including Reimbursable FPS APP scam payments and either:
1. The Consumer has been reimbursed for any Reimbursable FPS APP scam payments, or
 2. Where the claim has been rejected as the assessment determined that the claim did not include any Reimbursable FPS APP scam payments

When an FPS APP scam claim is closed by the Sending PSP under clause 4.11 (1), the claim will be marked as closed but pending payment of the Reimbursable Contribution Amount from the Receiving PSP(s).

Payment of the Reimbursable Amount

- 4.14** If a Sending PSP assesses that a reported FPS APP scam claim satisfies the criteria for the payment of the Reimbursable Amount, it must credit the value of the Reimbursable Amount to the Relevant account from which the FPS APP scam payment(s) occurred by no later than the end of the fifth Business day (subject to any extension pursuant to clause 4.6 above) following the notification of the reported FPS APP scam claim under clause 4.1 above.
- 4.15** The value of the Reimbursable Amount to be credited to the Victim shall be the full value of the FPS APP scam claim up to the maximum level of reimbursement, less any claim excess imposed.
- i. Sending PSPs may apply a single claim excess to each FPS APP scam claim, up to the maximum claim excess value set by the PSR and published on their website⁵. This is subject to clause 4.4 (ii) where no new excess is to be applied to linked claims.
 - ii. Sending PSPs may not apply a claim excess if the Victim was a Vulnerable Consumer at the time they made the FPS APP scam payment and vulnerability affected their ability to protect themselves from scam.

⁵ <https://www.psr.org.uk/media/maslkvyo/sr1-excess-value-supplementary-dec-2023.pdf>

5 Payment of the Reimbursable Contribution Amount

5.1 If a Sending PSP has:

- a) paid the Reimbursable Amount with respect to a Reimbursable FPS APP scam claim in accordance with all relevant provisions of clause 4.11 above, and
- b) updated the FPS APP scam claim record, created as per clause 4.1, to include the data listed in clause 5.2 below,

7. the Reimbursable Contribution Amount shall become payable by the Receiving PSP.

5.2 The Sending PSP must update the FPS APP scam claim record with:

1. confirmation that:

- a. the Reimbursable FPS APP scam payment(s) were executed through Faster Payments by the Sending PSP from a Relevant account located in the UK;
- b. the Reimbursable FPS APP scam payment(s) were authorised by the Consumer of the Sending PSP;

2. the sort code(s) and account number(s), and/or relevant secondary reference data to identify the Relevant account(s) to which the FPS APP scam payment(s) were received;

3. the date and time of the payment of the Reimbursable Amount to the Victim;

4. reason code for extending the five-Business day reimbursement timescale under clause 4.6, if applicable; and

5. the amount(s) of:

- a. the FPS APP scam payment;
- b. the Reimbursable Amount;
- c. any deductions made pursuant to clause 4.15;
- d. the Reimbursable Contribution Amount owed by the Receiving PSP;

5.3 The Sending PSP must submit data, using the RCMS where possible, in accordance with clause 5.2 above of the basis of its calculation of the Reimbursable Contribution Amount and as a substantiation of the claim for payment by the Receiving PSP.

5.4 The data standard will be specified by Pay.UK and may vary from time to time.

Payment of the Reimbursable Contribution Amount

5.5 The Reimbursable Contribution Amount owed by the Receiving PSP to the Sending PSP must be 50% of the lower of:

- a. The Reimbursable Amount paid by the Sending PSP to the Victim that is attributable to any Reimbursable APP scam payments made to that Sending PSP; or
- b. The required Reimbursable Contribution Amount that is attributable to any Reimbursable APP scam payments made to that Sending PSP, if different

5.6 If the Sending PSP chooses not to apply the maximum claim excess value, the following provisions apply:

- a. Where there is a single Receiving PSP, the Sending PSP must deduct 50% of the maximum claim excess amount from the Reimbursable Contribution Amount
- b. Where there are two or more Receiving PSPs, the Sending PSP must deduct from the Reimbursable Contribution Amount an amount calculated as follows:
 1. 50% of the maximum claim excess amount
 2. The figure derived under step 1. shall be split between the Receiving PSPs in proportions which equate to the proportionate value of each Receiving PSPs liability for the reimbursable part of the FPS APP scam claim

5.7 For claims involving multiple Receiving PSPs, where the Sending PSP has applied the maximum claim excess amount, the excess liability will be split proportionately among the Receiving PSPs relative to the Reimbursable FPS APP scam payment(s) they received.

5.8 For claims involving a Vulnerable Consumer where the maximum claim excess must not be applied, both the Sending and Receiving PSP will share 50% of the cost of the excess.

5.9 The Receiving PSP must pay the Reimbursable Contribution Amount to the Sending PSP within five Business days. The Receiving PSP is required to update the FPS APP scam claim, using the RCMS where possible, to confirm payment of the Reimbursable Contribution Amount, at which point the claim will be updated as closed but pending repatriation from the Receiving PSP.

5.10 Payment of the Reimbursable Contribution Amount will be via FPS, following the procedures to be specified by Pay.UK.

5.11 The Sending PSP must not submit a request for payment of the Reimbursable Contribution Amount either where:

1. the data and time of the claim precedes the date and time that the Sending PSP submits the outcome of their assessment and confirmation that the Victim has been reimbursed
2. the claim is not substantiated by data as per clause 5.2.

6 Repatriation of Victims' funds

- 6.1** If a Receiving PSP repatriates all or a portion of the funds transferred pursuant to an FPS APP scam claim and holds it subject to an obligation to disburse the funds back to the Sending PSP to reimburse the Victim, clauses 6.2 and 6.3 shall apply, subject to any alternative instructions received from a court, regulator, law enforcement or disputes body.
- 6.2** If the Sending PSP has not paid the Reimbursable Amount to the Victim, all repatriated funds must be transferred by the Receiving PSP back to the Sending PSP to reimburse the Relevant account of the Victim.
- 6.3** If the Sending PSP has paid the Reimbursable Amount to the Victim, the repatriated funds must be apportioned as follows:
1. to the Sending PSP, the Reimbursable Amount calculated under clause 4.15, minus the Reimbursable Contribution Amount calculated under clause 5.5
 2. to the Receiving PSP, the Reimbursable Contribution Amount calculated under clause 5.5, not including any amount deducted under clause 5.6
 3. any remainder to the Victim.
- No party should receive back more funds than they paid out.
- 6.4** Once the Receiving PSP has concluded all internal investigations and ascertained what repatriation is payable to the Sending PSP, it must:
1. execute such payment through FPS within three Business Days; and
 2. notify the Faster Payments operator, using the RCMS where possible, and the Sending PSP of the value of repatriated funds and the calculation performed pursuant to clause 6.3 above
 3. Update the Faster Payments operator, using the RCMS where possible, to close the claim following repatriation
- 6.5** FPS APP scam claims will remain dormant for a maximum of 13 months following payment of the Reimbursable Contribution Amount to allow for any repatriation of funds to be completed. After 13 months has expired, the status of the FPS APP scam claim will move from dormant to closed without repatriation.
- i. If repatriation of funds occurs beyond 13 months the Receiving PSP must notify the Faster Payments operator.

7 Compliance Monitoring

Under Specific Direction 19, the PSR gives the Faster Payments operator additional responsibilities related to the FPS reimbursement rules and requires it to:

1. develop and implement arrangements to monitor Directed PSPs' compliance with the FPS reimbursement rules effectively
2. monitor the nature, extent, and effectiveness of Directed PSPs' compliance with the FPS reimbursement rules
3. take steps to improve Directed PSPs' compliance where it has the power to do so
4. gather data and information from Directed PSPs to monitor compliance
5. report to the PSR on the nature, extent, and effectiveness of Directed PSPs' compliance with the FPS reimbursement rules, supported by the data it has gathered from Directed PSPs

The 'Compliance Monitoring Regime' is for an effective regime to monitor all Directed PSPs' compliance with the FPS reimbursement rules, whether they are Members or not of the Faster Payments Scheme and come into force on 7 October 2024 (the *Effective Date*). The PSR will specify the information which PSPs must collate, retain, and provide to the Faster Payments operator for it to undertake its responsibilities under Specific Direction 19. This information will be specified by the PSR in the Compliance Data Reporting Standards (CDRS). PSPs must comply with the requirements of Specific Direction 20, including the requirement to comply with the provisions of the CDRS from the *Effective Date*.

8 Commencement

The obligation to comply with the FPS reimbursement requirement shall commence on 7th October 2024.

9 Interpretation of Rules

- 9.1** This Schedule 4 is incorporated into and forms part of the FPS Rules, Rules for the Faster Payments Service.
- 9.2** All relevant terms of the FPS Rules, Rules for the Faster Payments Service apply with respect to the clauses of this Schedule 4 except as follows:
1. Where a clause in this Schedule 4 conflicts with a clause in the FPS Rules, Rules for the Faster Payments Service;
 2. In relation to any clauses in the FPS Rules, Rules for the Faster Payments Service pertaining to the manner in which the Rules are enforced, which shall be substituted (in relation to the clause of this Schedule 4) by enforcement by the PSR pursuant to its powers under the Financial Services (Banking Reform) Act 2013;
 3. Any reporting obligations set out in this Schedule 4 shall apply in addition to any reporting obligations set out in the FPS Rules, Rules for the Faster Payments Service pursuant to Section 2;
 4. All notification obligations set out in this Schedule 4 shall apply in addition to any notification obligations set out in the FPS Rules, Rules for the Faster Payments Service, but shall be performed pursuant to the notification procedures set out in this Schedule 4 rather than those set out in the FPS Rules, Rules for the Faster Payments Service;
 5. This Schedule 4 shall be subject to amendment by the Company only pursuant to a direction or requirement by the Payment Systems Regulator, except where such amendments are exclusively administrative or technical in nature.
- 9.3** The obligations set out in this Schedule 4 are without prejudice to any conflicting obligations which any Sending PSP or Receiving PSP has under other UK laws or regulations.

10 Interpretation of definitions

- 10.1** The FPS Rules, Rules for the Faster Payments Service or any other Reference Documents or any other agreement or document shall be construed as a reference to the FPS Rules or the other Reference Documents or such other agreement or document as the same may from time to time be amended, varied, supplemented, novated or replaced and shall include any document which is supplemental to, or is expressed to be collateral to, or is entered into pursuant to or in accordance with, the FPS Rules or the other Reference Documents or, as the case may be, such other agreement or document.
- 10.2** Any reference to an enactment (which includes any legislation in any jurisdiction) includes references to:
- (a) that enactment as re-enacted, amended, extended, applied, or any enactment that enactment re-enacts, or applied by or under any other enactment (before, on or after the date of this document);
 - (b) any subordinate legislation made (before, on or after the date of this document) under that enactment, as re-enacted, amended, extended, or applied as described in paragraph 10.2(a).
- 10.3** The clause, paragraph, headings, and the table of contents used in this document are inserted for ease of reference only and shall not affect construction or interpretation.
- 10.4** Unless the context defines otherwise, subject to paragraph 10.1 -10.2 above, in this document the following terms have the meanings assigned to them as follows:

<i>Account controlled by the consumer</i>	A Relevant Account that a Consumer can access and make payments from. It is not sufficient for it to be in the Consumer’s name.
<i>Agent</i>	Includes any claim management company or law firm.
<i>Authorised push payment or APP</i>	A Consumer payment, initiated by the Sending PSP in accordance with an authorisation given by its Consumer.
<i>APP scam (authorised push payment scam)</i>	Where a person uses a fraudulent or dishonest act or course of conduct to manipulate, deceive or persuade a consumer into transferring funds from the Consumer’s Relevant Account to a Relevant Account not controlled by the Consumer, where: <ul style="list-style-type: none"> • The recipient is not who the Consumer intended to pay, or • The payment is not for the purpose the Consumer intended

	For the avoidance of doubt, if the Consumer is party to the fraud or dishonesty, this is not an APP scam for the purpose of the FPS reimbursement requirement or the FPS reimbursement rules.
Authorisation	For the purpose of the reimbursement requirement, in the context of a payment means that the payer has given their explicit consent to: <ol style="list-style-type: none"> 1. The execution of the payment transaction, or 2. The execution of a series of payment transactions of which that payment transaction forms part
Business day	For the purposes of the reimbursement requirement, means any day (period of 24 hours beginning at midnight) that is not a Saturday or Sunday, or a bank holiday in any part of the United Kingdom.
Competent National Authority (CNA)	Means: <ol style="list-style-type: none"> a. Any Police Force within the meaning of the Police Act 1996 b. The Police Service of Scotland as defined by the Police and Fire Reform (Scotland) Act 2012 c. The Police Service of Northern Ireland as defined by the Police (Northern Ireland) Act 2000 d. The National Crime Agency, as defined by the Crime and Courts Act 2013 e. Any other authority identified by the PSR through guidance issued under Section 96 of the Financial Services (Banking Reform) Act 2013
Compliance Data Reporting Standards (CDRS)	The document produced and published by the PSR, as may be amended from time to time, which sets requirements for the specific information which PSPs must collate, retain, and provide to the Faster Payments operator pursuant to obligations imposed by Specific Direction 19 and to enable it to fulfil its requirements under this Specific Direction.
Consumer	Refers to service users of PSPs. These are individuals, microenterprises (enterprises that employs fewer than ten persons and have either an annual turnover or annual balance sheet total that does not exceed £2 million), or charities (a body whose annual income is less than £1

	million per year and is a charity as defined by the Charities Act 2011, Charities and Trustees Investment (Scotland) Act 2005 or the Charities Act (Northern Ireland) 2008).
Consumer Standard of Caution Exception	Is defined by the PSR in its publication: The Consumer Standard of Caution Exception ⁶
Directed PSP	A PSP participating in the Faster Payments Scheme to which Specific Direction 20 (Faster Payments APP scam reimbursement requirement) applies.
Faster Payments Scheme or FPS	A regulated payment system designated by Order from the Treasury on 1 April 2015.
FPS APP scam claim	Means one or more FPS APP scam payments made as part of an APP scam and reported to the Victim’s PSP.
FPS APP scam payment	Means an APP, authorised by a Victim as part of an APP scam, which has all the following features: <ol style="list-style-type: none"> 1. It is executed through the Faster Payments Scheme 2. It is authorised by a PSP’s consumer 3. It is executed by that PSP in the UK 4. The payment is received in a relevant account in the UK that is not controlled by the consumer 5. The payment is not to the recipient the consumer intended, or is not for the purpose the consumer intended
FPS reimbursement requirement	The obligation conferred on Directed PSPs under paragraph 3.1 of Specific Direction 20 (Faster Payments APP scam reimbursement requirement).
FPS reimbursement rules	Any rules created as a result of Specific Requirement 1 (Faster Payments APP scam reimbursement rules), imposed on the Faster Payments operator to create, and implement on PSPs reimbursing their consumers when they fall victim to APP scams.
FPS rules	All rules created by the Faster Payments operator which relate to and/or govern the access to and/or participation in Faster Payments by PSPs (whether Members or non-Members).
Indirect Access Provider	A Payment Service Provider (PSP) with access to the Faster Payments Scheme that has an agreement or arrangements

⁶ <https://www.psr.org.uk/media/tbbdhkcx/sr1-consumer-standard-of-caution-exception-dec-2023.pdf>

	with another person for the purpose of enabling that other person (the ‘indirect customer PSP’) to provide services for the purposes of enabling the transfer of funds using the Faster Payments Scheme or to become a PSP in relation to the Faster Payments Scheme.
<i>In-scope payment</i>	Any payment, authorised by a Consumer, that has all of the following features: <ol style="list-style-type: none"> 1. It is executed through the Faster Payments Scheme 2. It is authorised by a PSP’s Consumer 3. It is executed by that PSP in the UK 4. The payment is received in a Relevant Account in the UK that is not controlled by the Consumer
<i>Information</i>	For the purposes of Specific Direction 19 (APP scams Faster Payments operator monitoring) includes any information or data which may be required by either the PSR for the purposes of monitoring compliance with Specific Direction 20 (Faster Payments APP scam reimbursement requirement) or any other regulatory requirement, or by the Faster Payments operator in connection with its responsibilities under Specific Direction 19.
<i>Member of Faster Payments</i>	A directly connected settling and directly connected non-settling participant.
<i>Onboarded</i>	Means the process by which a PSP in conjunction with the Faster Payments operator creates one or more user accounts on the RCMS, undertakes any relevant testing and becomes capable of using the RCMS for communication, claim management or data reporting.
<i>Operator</i>	Has the same meaning as under section 42(3) of FSBRA ⁷ in relation to the Faster Payments Scheme. The term Faster Payments operator is to be understood accordingly.
<i>Participant</i>	Has the same meaning as under s42(2) of FSBRA 2013.
<i>Payment System</i>	Has the same meaning as under section 41(1) FSBRA 2013.
<i>Payment Systems Regulator (PSR)</i>	The body corporate established under section 40 of FSBRA.

⁷ <https://www.legislation.gov.uk/ukpga/2013/33/contents/enacted>

<i>Payment service provider or PSP</i>	Has the same meaning as under section 42(5) of FSBRA.
<i>Receiving PSP</i>	A PSP providing a Relevant Account into which APP scam payments are received. Any references to Receiving PSP in the singular may also be read in the plural where an FPS APP scam claim includes payments to more than one Receiving PSP.
<i>Registration</i>	Registration requires Directed PSPs to provide the information specified by the Faster Payments operator in the FPS reimbursement rules, in the manner and time period established in the FPS reimbursement rules.
<i>Reimbursable Amount</i>	The amount of compensation to be paid to a Victim by their Sending PSP, with respect to the value of a Reimbursable FPS APP scam payment. This has the same meaning as ‘Required Reimbursement Amount’ specified in 5.2 of Specific Requirement 1 (Faster Payments APP scam reimbursement rules).
<i>Reimbursable FPS APP scam payment</i>	An FPS APP scam payment where the Consumer Standard of Caution Exception does not apply, the Victim is not party to the fraud or claiming fraudulently or dishonestly to have been defrauded and the claim was made within the time limit set out in the reimbursement rules.
<i>Reimbursable Contribution Amount</i>	The amount of compensation to be paid to a Sending PSP by a Receiving PSP, with respect to the value of a Reimbursable Amount.
<i>Reimbursement Claims Management System (RCMS)</i>	The claims management, communication and information reporting IT system which will be provided by the Faster Payments operator for all Directed PSPs to use to communicate, manage claims and report information for FPS APP scam claims.
<i>Relevant account</i>	An account that is provided to a service user, is held in the UK, and can send or receive payments using the Faster Payments Scheme, but excludes accounts provided by credit unions, municipal banks, and national savings banks.
<i>Repatriation</i>	Where a Receiving PSP is able to detect, freeze and return funds transferred as part of an FPS APP scam payment.

<i>Sending PSP</i>	A PSP that provides a Relevant Account for a Consumer, from which the FPS APP scam payment(s) were made.
<i>Service user</i>	A person who uses a service provided by a payment system and is not a participant in that payment system.
<i>Victim</i>	A Consumer who has made one or more FPS APP scam payments.
<i>Vulnerable Consumer</i>	Has the same meaning as when the term is used by the FCA in its <i>Guidance for firms on the fair treatment of vulnerable customers</i> ⁸ , namely that a vulnerable consumer is someone who, due to their personal circumstances, is especially susceptible to harm – particularly when a firm is not acting with appropriate levels of care.

⁸ <https://www.fca.org.uk/publications/finalised-guidance/guidance-firms-fair-treatment-vulnerable-customers>

11 Permitted use of compliance information

11.1 For the purposes of Specific Direction 19 (APP scams Faster Payments operator monitoring), FPS reimbursement information is any Information which the Faster Payments operator has access to by virtue of it:

- a. being held on the RCMS as a result of either the FPS Reimbursement Claims Management System (RCMS) rule or Section 8 or 9 of Specific Direction 20; or
- b. being provided to the Faster Payments operator as required by Sections 8 or 9 of Specific Direction 20 or the PSR's Compliance Data Reporting Standards (CDRS)

11.2 For the purposes of Specific Direction 19, confidential Information is FPS reimbursement Information, which;

- a. relates to the business or affairs of any person, and
- b. is not in the public domain, and
- c. is not in the form of a summary or collection of information that is framed in such a way that it is not possible to ascertain from it information relating to any particular business or person

11.3 The Faster Payments operator may not:

- a. use FPS reimbursement information for any purpose other than undertaking its responsibilities under Specific Direction 19
- b. disclose confidential information other than to the PSR, subject to clause 12.4

11.4 Clause 12.3 does not prevent confidential information being disclosed to the PSR either informally or as a result of a regulatory requirement, or being disclosed to another party in fulfilment of:

- a. a statutory obligation that takes precedence
- b. an obligation to disclose to another regulator
- c. a court order

12 Annex – Best Practice Guidance Documents

The Faster Payments operator may issue from time-to-time documents that contain best practice guidance support and other information relevant to a Directed PSPs participation in the RCMS. These best practice guidance documents are not intended to impose legal obligations. They are designed to facilitate a broader understanding of the operation of the RCMS as applicable to a Directed PSPs participation.