

## UK Authorised Push Payment Fraud Policy

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On October 7, 2024 the UK Payment Systems Regulator (PSR) launched new rules which require payment service providers to refund customers if they fall victim to Authorized Push Payment (APP fraud). APP fraud is a devastating crime. It happens when someone is tricked into sending money to a fraudster via bank transfer. The PSR has taken action to make reimbursement mandatory and ensure there are consistent levels of protection if someone falls victim to this type of fraud. All types of APP fraud are covered by the new measures, which might include impersonation or romance scams, for example.

Here's what you need to know about these protections:

- The protections apply to individuals, microenterprises and charities.
- All types of payment firms, including bigger high street banks but also smaller payment firms, building societies, and e-money firms, among others, will be brought into the new reimbursement arrangements. Through PSR measures, these firms will be incentivised to stop fraud from happening in the first place – including, for the first time, those firms on the receiving end that bank the fraudsters. The arrangements don't include credit unions, municipal banks and national savings banks
- These measures apply to UK bank transfers – so when money is moved from one UK bank account to another over the Faster Payments system or CHAPS. Other payment types, including card, cash, and cheque down have their own protections in place.
- APP fraud is different to unauthorised fraud, when someone steals your card to make payments, for example. This also has different protections. APP fraud is also different to civil disputes, when you might pay a legitimate supplier for goods or services that are

- not received or are defective, where there is no intent to defraud. There are other consumer protections available for civil disputes under the Consumer Rights Act.
- Money won't be refunded if it is found there was complicity in the fraud or gross negligence. Gross negligence is a high bar and this exception does not apply to vulnerable consumers.

How our customers can protect themselves from scams:

- Pay attention to warnings from your bank. A good place to start is Confirmation of Payee (CoP) – the account name checking service designed to make sure you're sending the payment to the right person or business. There's widespread adoption of this service, with over 2 billion CoP checks already this year. Over 350 more firms will join CoP by the end of October 2024.
- Take a moment to pause and think before sending money or sharing personal details. If you're unsure, try talking it over with someone you trust or an official helpline like Citizens Advice
- Contact your bank immediately if you think you've been scammed.
- Respond to any requests for information from your bank promptly - after checking that the request is genuine
- Report the details to the police or consent to your bank reporting to the police on your behalf

What can be expected with the new reimbursement process:

- From 7 October, you can expect to reimburse a victim within 5 business days of their making a claim.
- Where payment firms need more time to gather information to help them with their assessment, they can 'stop the clock'. For example, firms may need more information from victims to assess their vulnerability to the scam. But to make sure there aren't any delays in reimbursement, the payment firm must arrive at an outcome within 35 business days.



- There is an optional £100 excess that firms can apply, that is APP fraud claims do not have to be covered if they are under £100. Individual firms may choose to apply the excess, choose an alternative excess value up to the maximum £100 or not to use it at all. This excess cannot be applied to vulnerable consumers.
- The maximum amount of money people can claim is £85,000 which currently aligns with the Financial Services Compensation Scheme (FSCS) limit and will cover over 99% of claims. Individual firms may choose to reimburse more than £85,000. Where more than £85,000 is lost and not reimbursed, you can raise your case with the Financial Ombudsman Service, which has a compensation limit of £430,000. The Ombudsman looks at each case on its own individual merits. This is a free service and the Ombudsman sets out the process that consumers should follow on its website.

If it is found Ascendant did not do enough to prevent an APP scam it could be liable to compensate the victim. Ascendant must take measures to ward off this potential liability.

Please contact me personally by email or call me at (250) 412-5306 if you have any questions or require assistance.

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