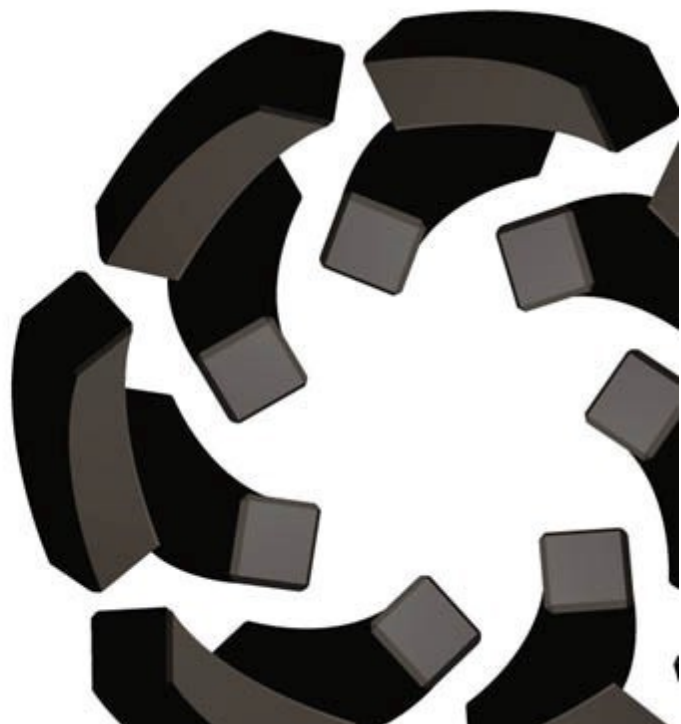




FPS Reimbursement Rules

Date: 26 September 2024
Classification: Public



Contents

1	Document Control	2
1.1	<i>Version History</i>	2
1.2	<i>Document reviewers</i>	2
1.3	<i>References</i>	2
1.4	<i>Copyright statement</i>	2
2	Purpose and regulatory context	3
3	FPS reimbursement requirement and scope	5
	<i>Exceptions to the Reimbursement Requirement</i>	5
	<i>Validating an FPS APP scam claim</i>	6
4	Payment of the Reimbursable Amount	8
	<i>Collection of FPS APP scam claims by Sending PSPs</i>	8
	<i>Assessment of reported FPS APP scam claims</i>	8
5	Payment of the Reimbursable Contribution Amount	12
6	Repatriation of Victims' funds	14
7	Compliance Monitoring	15
8	Commencement	16
9	Interpretation of Rules	17
10	Interpretation of definitions	18
11	Permitted use of compliance information	25
12	Annex – Best Practice Guidance Documents	26

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
2.0	17/07/2024	Minor changes following final publication of PSR PS24/3 FPS APP scams reimbursement compliance and monitoring policy statement (July 2024)
2.5	03/09/2024	Clarification added regarding opportunity to respond timeline
3.0	26/09/2024	Update to footnote 6 hyperlink following PSR amendment to maximum level of reimbursement value

1.2 Document reviewers

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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	
SPECIFIC REQUIREMENT 1 (JULY 2024) (FPS APP SCAM REIMBURSEMENT RULES)	
SPECIFIC DIRECTION 19 (JULY 2024) (APP SCAMS FASTER PAYMENTS OPERATOR MONITORING)	
SPECIFIC DIRECTION 20 (JULY 2024) (FPS APP SCAM REIMBURSEMENT REQUIREMENT)	
FPS REIMBURSEMENT RULES - COMPLIANCE MONITORING REGIME	
APP FRAUD REIMBURSEMENT BEST PRACTICE GUIDE	

1.4 Copyright statement

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2 Purpose and regulatory context

- 2.1** 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 Requirement 1¹ (July 2024) (FPS APP scam reimbursement rules), the PSR requires the Faster Payments Operator to change the Faster Payment Scheme rules by 31 July 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.

- 2.2** All Directed PSPs, whether they are Members of the Faster Payments Scheme or not, must Register with the Faster Payments Operator by 20 August 2024 for the purposes of identification within the FPS reimbursement directory, reporting data and compliance monitoring and management. To Register, a Directed PSP must provide the required registration data and shall accept that by providing the data, that data will become accessible for the purposes of FPS APP scam claim routing to other Directed PSPs via the FPS reimbursement directory. The data must be provided by the means specified by the Faster Payments Operator to ensure accurate and clear identification of each Directed PSP legal entity.

Registration of Directed PSPs will be via a registration form² provided by 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 PSP's 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 direct 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 (July 2024) (FPS APP scam reimbursement requirement) and the FPS reimbursement rules
 - a. a list of sort code ranges and account numbers, where relevant, issued for Relevant account(s) or that receive payments related to Relevant account(s) for the Directed PSP's customers
5. whether the Directed PSP sends faster payments on behalf of Consumers

¹ Specific Requirement 1 on the Faster Payments Scheme Operator to insert APP scam reimbursement rules into the Faster Payments Scheme rules, July 2024.

² <https://www.wearepay.uk/app-authorized-push-payment-reimbursement-policy/>

6. whether the Directed PSP receives faster payments into accounts provided to customers

- 2.3** By 20 September 2024, all Directed PSPs, whether they are Members of the Faster Payments Scheme or not, must be Onboarded to the Reimbursement Claims Management System (RCMS) Core for the purposes of accessing the FPS reimbursement directory, reporting data and compliance monitoring and management. Pay.UK requires that each Directed PSP agrees, with effect from the date of it joining the RCMS Core, to assume certain rights and obligations regarding its conduct in relation to the RCMS.
- 2.4** From [the proposed date of 1 May 2025³], all Directed PSPs, whether they are Members of the Faster Payments Scheme or not, must be Onboarded to the RCMS Core + Claims 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 relation to the FPS reimbursement requirement.
- 2.5** Any Directed PSP acting in the capacity of a sponsoring Bank Directly Connected Settling (DCS) Participant, as per the FPS rules shall not be responsible for any Directed PSP they sponsor as far as their 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'.
- 2.6** 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 the Contingent Reimbursement Model Code⁴ (CRM Code).

³ This rule is subject to the provision by Pay.UK of a fully functional RCMS, advice on PSP transition arrangements, cost recovery methodology and a contractual framework

⁴ [Consumer protection standards for APP scams | The LSB \(lendingstandardsboard.org.uk\)](https://www.lendingstandardsboard.org.uk/consumer-protection-standards-for-app-scams)

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 reports 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 reporting 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** An FPS APP scam claim is deemed to be made when the Victim reports to their Sending PSP it has happened, with details of the FPS APP scam claim and specifies at least one FPS APP scam payment. The Victim should report the details of the FPS APP scam claim to their Sending PSP as quickly as possible, and within a maximum of 13 months of the FPS APP scam payment(s) being made.
- 3.5** If a Sending PSP submits details of their payment of the Reimbursable Amount to the Receiving PSP(s) under clause 5.1, 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 following the notification from the Sending PSP.

Exceptions to the Reimbursement Requirement

- 3.6** PSPs are not required to reimburse any FPS APP scam payment(s) where the Consumer Standard of Caution Exception applies⁵. 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.

⁵ <https://www.psr.org.uk/media/tbbdhkcx/sr1-consumer-standard-of-caution-exception-dec-2023.pdf> - the PSR may amend the Consumer Standard of Caution Exception from time to time.

- 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.

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

- 3.7** PSPs are not required to reimburse APP scam Victims above the maximum level of reimbursement, irrespective of whether the Consumer was assessed as Vulnerable. The maximum level of reimbursement applies to each FPS APP scam claim and is set by the PSR and published on its website⁶. If a Sending PSP reimburses its Consumer any sum above the maximum level of reimbursement this will be considered a Voluntary reimbursement and the Sending PSP cannot request the Reimbursable Contribution Amount relating to the sum of the Voluntary reimbursement from the Receiving PSP(s).
- 3.8** PSPs are not required to reimburse FPS APP scam payments reported more than 13 months after the date of the final FPS APP scam payment of the claim, or FPS APP scam payments that occurred before 7 October 2024. If a Sending PSP reimburses an FPS APP scam claim reported more than 13 months after the final payment, or that occurred before 7 October 2024, these will be considered a Voluntary reimbursement, irrespective of whether the Consumer was assessed as Vulnerable.
- 3.9** A Voluntary reimbursement is outside of the scope of the FPS reimbursement requirement and the FPS reimbursement rules.

Validating an FPS APP scam claim

- 3.10** An FPS APP scam payment means a payment order authorised by a Victim as part of an APP scam which must have 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

⁶ <https://www.psr.org.uk/media/0w1fmr5/sr1-max-limit-value-supplementary-sept-2024-publication-version.pdf> - the PSR may amend the maximum level of reimbursement from time to time.

- b. the payment is for a purpose other than that intended by the Consumer.

3.11 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 Private civil dispute;
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.

3.12 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 payments is a Reimbursable FPS APP scam payment 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, using the RCMS where possible, in accordance with clause 5.3.

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 PSP⁷, using the RCMS where possible, within two Business hours of the FPS APP scam claim being reported by the Consumer by submitting the following information:
1. the sort code and account number to identify the account from which the payment(s) were initiated;
 2. 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 initiated, whether or not the Sending PSP has confirmed that such account(s) are/ is held in the UK with a Receiving PSP;
 3. the amount(s) of all FPS APP scam payment(s) reported in the FPS APP scam claim;
 4. the date and time at which the FPS APP scam claim was reported by the Consumer; and
 5. 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 reporting of an FPS APP scam claim to the Sending PSP, the Receiving PSP has the opportunity to respond to the Sending PSP with any information it believes to be relevant to the FPS APP scam claim, up to a maximum of three Business days after the reporting of the FPS APP scam claim to the Sending PSP.

For the avoidance of doubt, the Sending PSP cannot complete its assessment of the FPS APP scam claim until either:

- a. the opportunity to respond period of time has elapsed, which is the end of the third Business day after the FPS APP scam claim was reported to the Sending PSP, or;
- b. all Receiving PSPs have responded.

If a Sending PSP chooses to reimburse the Victim in advance of completing the assessment to determine whether any FPS APP scam payment(s) within the FPS APP scam claim are reimbursable, then the Sending PSP must complete its assessment of whether the FPS APP scam payment(s) are Reimbursable FPS APP scam payment(s), taking into account any information provided by the Receiving PSP(s). Sending PSPs may not submit a request for the Reimbursable Contribution Amount for payments which are not Reimbursable FPS APP scam payments, including where the Sending PSP has chosen to reimburse the Consumer in advance of completing the assessment.

Assessment of reported FPS APP scam claims

⁷ In instances where the Sending PSP cannot identify the Receiving PSP, please refer to the process defined in the APP Fraud Reimbursement Best Practice Guide.

- 4.3** When a Consumer reports the details of the FPS APP scam claim to their Sending PSP, the Sending PSP must:
1. allow all Receiving PSP(s) that have received at least one FPS APP scam payment included within the FPS APP scam claim the opportunity to respond, detailed under clause 4.2, and then;
 2. the Sending PSP must assess all FPS APP scam payments to determine whether the reported FPS APP scam payments are Reimbursable FPS APP scam payment(s) and pay any Reimbursable Amount to the Victim within five Business days of the FPS APP scam claim being raised, except to the extent that such period is extended in accordance with clause 4.6 below.
- 4.4** Any additional FPS APP scam payments identified to be part of the same APP scam after the Consumer has reported the initial FPS APP scam claim to their Sending PSP 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 and the maximum level of reimbursement will also apply across all linked claims.
- 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' only when it has requested 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, subject to clause 4.9, to receive information for one or more of the following reasons:
1. to gather information from the Consumer(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 Consumer has authorised the company to submit a claim
 4. to gather additional information from the Consumer 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 relevant 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 following the reporting of the FPS APP scam claim by the Consumer or their Agent to their Sending PSP. The Sending PSP must inform the Receiving PSP of the final Business day to respond to the request.

- 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 all information requested under clause 4.6 and does not request any further information from any party in order to determine whether the reported FPS APP scam claim includes any Reimbursable FPS APP scam payment(s).
- 4.9** The Sending PSP may stop the clock as many times as necessary to complete its assessment. However, in any case, it must complete the assessment, decide whether the FPS APP scam claim is to be reimbursed or not and close the claim before the end of the 35th Business day following the reporting of the FPS APP scam claim by the Consumer 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 either the opportunity to respond period of time has elapsed, which is the end of the third Business day after the FPS APP scam claim was reported to the Sending PSP, or when all Receiving PSP(s) have responded. If a Sending PSP assesses that a reported FPS APP scam payment(s) satisfies the criteria of a Reimbursable FPS APP scam payment, it must:
1. inform the Victim in writing of its decision, credit the Relevant account(s) 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 Reimbursable FPS APP scam payment(s).
 2. submit a notification to the Receiving PSP(s) within one Business day of informing the Victim in writing of its decision that the reported FPS APP scam claim must result in a request for payment by the Receiving PSP(s) 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', detailed under clause 4.2, has concluded.

When an FPS APP scam claim is updated by the Sending PSP under clause 4.11 (2), the claim will be marked as closed but pending payment of the Reimbursable Contribution Amount from the Receiving PSP(s).

- 4.12** If a Sending PSP assesses that a reported FPS APP scam payment(s) does not satisfy the criteria of a Reimbursable FPS APP scam payment, it must:
1. inform the Consumer in writing that the reported FPS APP scam payment(s) does not satisfy the criteria of a Reimbursable FPS APP scam payment and, to the extent permitted by law, provide a summary of the reasons for that decision; and
 2. submit a notification to the Receiving PSP within one Business day of informing the Consumer of the decision of the outcome of the assessment, confirming the reason for rejecting any payment as non-reimbursable. For the avoidance of doubt, the Sending PSP cannot complete their assessment and submit the notification before the 'opportunity to respond', detailed under clause 4.2, has concluded.

When an FPS APP scam claim is updated by the Sending PSP under clause 4.12 (2), the claim will be closed with no request sent to the Receiving PSP for payment of the Reimbursable Contribution Amount.

- 4.13** An FPS APP scam claim must 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 Victim has been reimbursed for any Reimbursable FPS APP scam payments, or
 2. the claim has been rejected as the assessment determined that the claim did not include any Reimbursable FPS APP scam payments

Payment of the Reimbursable Amount to the Victim

- 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 all Reimbursable FPS APP scam payments, up to the maximum level of reimbursement and 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 website⁸. This is subject to clause 4.4 where no new excess is to be applied to linked claims.
 - ii. The maximum level of reimbursement is to be applied across all linked claims, as detailed under clause 4.4. Any reimbursement to the Victim over the maximum level of reimbursement will be treated as a Voluntary reimbursement, detailed under clause 3.7.
 - iii. Sending PSPs may not apply a claim excess if the Victim was a Vulnerable Consumer at the time they made at least one of the FPS APP scam payment(s) within the FPS APP scam claim and vulnerability affected their ability to protect themselves from the scam.

⁸ <https://www.psr.org.uk/media/maslkvyo/sr1-excess-value-supplementary-dec-2023.pdf> - the PSR may amend the maximum claim excess value from time to time.

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 5.3 below,

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

5.2 The Receiving PSP is not liable to pay any amount in relation to:

- a. any Voluntary reimbursement
- b. any payment the Sending PSP makes to its Consumer after it has closed an FPS APP scam claim, whether by reimbursement or rejection. This includes any payment made as a result of a court or Alternative Dispute Resolution decision subsequent to the closing of the FPS APP scam claim.

5.3 The Sending PSP must update their FPS APP scam claim record, using the RCMS where possible, 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 Victim 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(s) 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;

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

Payment of the Reimbursable Contribution Amount

- 5.5** The Reimbursable Contribution Amount owed by the Receiving PSP to the Sending PSP shall be calculated by the Sending PSP as a proportion of half the Reimbursable Amount. The proportion is calculated for each Receiving PSP as the total value of Reimbursable FPS APP scam payments sent to that Receiving PSP, divided by the total value of Reimbursable FPS APP scam payments in the FPS APP scam claim.
- 5.6** If the Sending PSP chooses not to apply the maximum claim excess value, and where the Victim is not assessed as a Vulnerable Consumer, the following provisions apply:
- i. The Reimbursable Contribution Amount calculated under clause 5.5 is instead calculated as a proportion of half of the lower of:
 - a. the maximum Reimbursable Amount, reduced by the maximum claim excess value;
 - b. the total of all Reimbursable FPS APP scam payments in the FPS APP scam claim, reduced by the maximum claim excess value.
 - ii. The proportion referred to under clause 5.6 a. is as set out under clause 5.5.
- 5.7** The Receiving PSP must pay the Reimbursable Contribution Amount to the Sending PSP within five Business days following the notification from the Sending PSP that the Reimbursable Contribution Amount is payable. 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 FPS APP scam claim will be updated as closed but pending repatriation from the Receiving PSP.
- 5.8** Payment of the Reimbursable Contribution Amount will be via FPS, following guidance set out in the APP Fraud Reimbursement Best Practice Guide.
- 5.9** The Sending PSP must not submit a request for payment of the Reimbursable Contribution Amount either where:
- 1. the date and time of the request for payment of the Reimbursable Contribution Amount 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 FPS APP scam claim is not substantiated by data as per clause 5.3.

6 Repatriation of Victims' funds

- 6.1** If a Receiving PSP repatriates 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 and the Receiving PSP has paid the Reimbursable Contribution Amount to the Sending PSP, 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
 3. any remainder to the Victim.

No party should receive back more funds than they paid out.⁹

- 6.4** Once the Receiving PSP has concluded all internal investigations and approvals and ascertained what repatriation is payable to the Sending PSP, it must:
1. execute such payment through FPS within three Business days of the Receiving PSP concluding all internal investigations and approvals; and
 2. notify the Sending PSP, using the RCMS where possible, of the value of repatriated funds and the calculation performed pursuant to clause 6.3 above
- 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.

⁹ Further advice and examples on repatriation, including partial repatriation, is included in the APP Fraud Reimbursement Best Practice Guide.

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 comes into force on 7 October 2024 (the *Effective Date*).

The PSR specifies 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 is specified by the PSR in the Compliance Data Reporting Standards (CDRS)¹⁰. 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*.

All Directed Sending PSPs, whether they are Members of the Faster Payments Scheme or not, must report Reporting Standard A Information to the Faster Payments Operator as required under sections 8 and 9 of Specific Direction 20 (July 2024) (FPS APP scam reimbursement requirement) and the CDRS. The means for reporting this Information is via the RCMS Core as specified in the FPS Reimbursement Rules – Compliance Monitoring Regime – v4.5. Directed Sending PSPs are expected to use the RCMS Core as the method of reporting Standard A Information. Pay.UK may consider other means of reporting if reasonable in the circumstances. In considering what is reasonable, Pay.UK may take into account the fact that Directed PSPs are expected to use the RCMS Core unless it is unreasonable to do so, such as where it is not available.

Each Sending PSP will be able to monitor their performance via their own compliance monitoring dashboard. Each dashboard will be updated based on the Information reported by each Directed PSP, after it has been processed by Pay.UK.

¹⁰ <https://psr.org.uk/publications/policy-statements/compliance-data-reporting-standards/>

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>	<p>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:</p> <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 <p>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</p>

	the FPS reimbursement requirement or the FPS reimbursement rules.
Authorisation	<p>For the purpose of the reimbursement requirement, in the context of a payment means that the payer has given their explicit consent to:</p> <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.
Business hours	Means an hour from 9:00 am to 5:00 pm on a Business day.
Claim closed	<p>An FPS APP scam claim may not be closed until it has been assessed by the Sending PSP as including Reimbursable FPS APP scam payments or not including Reimbursable FPS APP scam payments and either:</p> <ol style="list-style-type: none"> 1. the Consumer has been reimbursed for any Reimbursable FPS APP scam payment(s) at which point the FPS APP scam claim will move to closed, pending payment of the Reimbursable Contribution Amount, or; 2. where the assessment has determined that the FPS APP scam claim did not include any Reimbursable FPS APP scam payment(s) and the claim has been rejected, at which point the claim will be closed.
Claim closed, pending repatriation	An FPS APP scam claim that has been closed as the Victim has been reimbursed and the Receiving PSP has paid the Reimbursable Contribution Amount, but funds have not been recovered or repatriated. From this point, up until 13 months following the payment of the Reimbursable Contribution Amount the FPS APP scam claim will remain dormant. After the 13 months has expired, if no funds have been repatriated the FPS APP scam claim will be closed without repatriation.
Claim closed, repatriation complete	<ol style="list-style-type: none"> 1. An FPS APP scam claim that has been closed as the Victim has been reimbursed, the Receiving PSP has paid the Reimbursable Contribution Amount and the funds have been recovered and repatriated by the Receiving PSP back to the Sending PSP, or;

	<p>2. An FPS APP scam claim that has been closed as the Receiving PSP was able to recover and repatriate funds back to the Sending PSP to reimburse the Victim prior to the Reimbursable Amount being paid.</p>
<p>Competent National Authority (CNA)</p>	<p>Means:</p> <ul 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
<p>Compliance Data Reporting Standards (CDRS)</p>	<p>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 (July 2024) (APP scams Faster Payments Operator monitoring) and to enable it to fulfil its requirements under Specific Requirement 1 (July 2024) (FPS APP scam reimbursement rules).</p>
<p>Consumer</p>	<p>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).</p>
<p>Consumer Standard of Caution Exception</p>	<p>Is defined by the PSR in its publication: The Consumer Standard of Caution Exception¹¹</p>
<p>Directed PSP</p>	<p>A PSP participating in the Faster Payments Scheme to which Specific Direction 20 (July 2024) (FPS APP scam reimbursement requirement) applies. For the avoidance of</p>

¹¹ <https://www.psr.org.uk/media/tbbdhkcx/sr1-consumer-standard-of-caution-exception-dec-2023.pdf>

	doubt, the FPS reimbursement rules must apply to all Directed PSPs that provide Relevant accounts.
<i>Faster Payments Scheme or FPS</i>	A regulated payment system designated by Order from the Treasury on 1 April 2015.
<i>Faster Payments Scheme rules</i>	Means all rules created by the Faster Payments Operator which relate to and/or govern the access to and/or participation in the Faster Payments Scheme by PSPs (whether Members or non-Members).
<i>FPS APP scam claim</i>	Means one or more FPS APP scam payments (that may have been sent to more than one Receiving PSP(s)) made as part of an APP scam and reported to the Victim’s PSP.
<i>FPS APP scam payment</i>	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
<i>FPS reimbursement directory</i>	Means the list of Directed PSPs and their contact details which the Faster Payments Operator maintains for the purposes of managing FPS APP scam claims.
<i>FPS reimbursement requirement</i>	The obligation conferred on Directed PSPs under paragraph 3.1 of Specific Direction 20 (July 2024) (FPS APP scam reimbursement requirement).
<i>FPS reimbursement rules</i>	Any rules created as a result of Specific Requirement 1 (July 2024) (FPS 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.
<i>Indirect Access Provider</i>	A Payment Service Provider (PSP) with access to the Faster Payments Scheme that has an agreement or arrangements 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 (July 2024) (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 (July 2024) (FPS 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 ¹² 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.
<i>Payment service provider or PSP</i>	Has the same meaning as under section 42(5) of FSBRA.

¹² <https://www.legislation.gov.uk/ukpga/2013/33/contents/enacted>

<i>Private civil dispute</i>	Means a dispute between a Consumer and payee which is a private matter between them for resolution in the civil courts, rather than involving criminal fraud or dishonesty.
<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>Register</i>	Means providing the information specified by the Faster Payments Operator in the Faster Payments rules as required by paragraphs 8.1 and 8.2 of Specific Direction 20 (July 2024) (FPS APP scam reimbursement requirement) which may be used to support the creation and maintenance of the FPS reimbursement directory.
<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 (July 2024) (FPS 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 FPS APP scam claims and report information for FPS APP scam claims.
<i>RCMS Core</i>	The RCMS Core product allows Directed PSPs to access the FPS reimbursement directory to meet their Specific Direction 20 (July 2024) (FPS APP scam reimbursement requirement) legal obligations by providing the contact information between the Sending and Receiving PSPs, and a reporting functionality enabling PSPs to report FPS APP scam claims data to Pay.UK.

RCMS Core + Claims	The RCMS Core + Claims is the single system operated by Pay.UK which will provide Directed PSPs with an effective way to manage FPS APP scam claims securely and accurately, in addition to the features provided in the RCMS Core product.
Relevant account	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.
Repatriation	Where a Receiving PSP is able to detect, freeze and return funds transferred as part of an FPS APP scam payment.
Sending PSP	A PSP that provides a Relevant account for a Consumer, from which the FPS APP scam payment(s) were made.
Service user	A person who uses a service provided by a payment system and is not a participant in that payment system.
Victim	A Consumer who has made one or more FPS APP scam payments.
Voluntary reimbursement	Means any reimbursement or part of a reimbursement made by a Sending PSP other than as required by paragraphs 4.1 to 4.8, 5.1 to 5.9 and 5.20 to 5.21 of Specific Requirement 1 (July 2024) (FPS APP scam reimbursement rules).
Vulnerable Consumer	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> ¹³ , 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.

¹³ <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 (July 2024) (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 (July 2024) (FPS APP scam reimbursement requirement); or
 - b. being provided to the Faster Payments Operator as required by Sections 8 or 9 of Specific Direction 20 (July 2024) (FPS APP scam reimbursement requirement) or the PSR's Compliance Data Reporting Standards (CDRS)
- 11.2** For the purposes of Specific Direction 19 (July 2024) (APP scams Faster Payments Operator monitoring), 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 (July 2024) (APP scams Faster Payments Operator monitoring)
 - b. disclose confidential information other than to the PSR, subject to clause 6.4 of Specific Direction 19 (July 2024) (APP scams Faster Payments Operator monitoring)
- 11.4** Clause 6.3 of Specific Direction 19 (July 2024) (APP scams Faster Payments Operator monitoring) 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.