

APP Scams Steering Group

Summary of fourth meeting 28 June 2018

Attendees

Ruth Evans, Chair

Brian Dilley, Lloyds Banking Group

Dominic Lindley, independent consumer expert (on phone)

Lucy Malenczuk, Age UK

Faith Reynolds, independent consumer expert

Thaer Sabri, Electronic Money Association

Wayne Stevens, Victim Support

Sam White, Barclays

Alasdair MacFarlane, RBS

Sian Williams, Toynbee Hall

Ben Trim, HSBC

Matthew Alder, HM Treasury (observer)

Melissa Dring, National Trading Standards (observer)

Tim France, Home Office (observer)

Dora Guzeleva, PSR (observer)

Kathryn Hardy, PSR (observer)

Ross Studholme, FCA (observer – Legal Working Group member)

Alix Newbold, City of London Police (observer)

Richard West, Financial Ombudsman Service (observer)

Graeme Mclean, FCA (observer)

Katy Worobec, UK Finance (secretariat to the Steering Group)

Nick Beesley, UK Finance (secretariat to the Steering Group)

Stephen Wilson, independent policy drafter (secretariat to the Steering Group)

Richard Lloyd, independent reviewer (secretariat to the Steering Group)

The minutes of the meeting held on the 4th June 2018 have not been accepted as several amendments were raised by Steering Group members.

The secretariat will circulate a revised set of minutes for the 4 June meeting to be agreed at the next Steering Group meeting.

One point noted as an action from the 4 June meeting: **A document to be drawn up to list PSP initiatives that have been suggested/discussed already to protect vulnerable customers, how widely they have been adopted, to identify the barriers to full adoption and any areas for development.**

A review of the action log resulted in the following additional actions:

A workshop will be arranged to specifically investigate what data is available from PSPs regarding scale of money mule accounts. PSPs will bring examples of money mule accounts that are hard to identify to the workshop.

UK Finance will prepare granular data on scam type and the potential impact of Confirmation of Payee per scam type to support the workshop on mule account data and development of CRM.

Second Deliverable: The requisite level of care to be taken by consumers (general customers)

There was a detailed discussion by the steering group, drawing on discussions had in previous Steering Group meetings and workshops. The discussion focused on the draft consumer level of care document prepared by the independent policy drafter.

Consumer vulnerability had been discussed at a previous workshop and it was noted in the draft requisite level of care for consumers, that the definition of vulnerability was to align with the work being done by the FCA and their recent consultation on vulnerability. It was also noted that once known, the FCA definition may need to be adapted specifically for the purpose of the CRM code.

It was noted that the four principles suggested at the previous Steering Group meeting to be included in the consumer requisite level of care may not be the only principles and that further principles may need to be considered and included if appropriate.

The discussion included implications for micro-businesses and whether they would need to make their internal processes transparent to the Financial Ombudsman Service (FOS) in order for liability under the code to be assessed. The general expectation is that if a micro-business has internal processes designed to protect them from fraud and APP scams, then these processes should be made available to the FOS to consider when dealing with an APP scam complaint raised by that micro-business.

If, on the other hand, a micro-business does not have internal processes designed to protect them from APP scams, then this would not be considered by the FOS when determining liability under the code.

A discussion was held on the timelines used by sending PSPs to reimburse a consumer and the potential for recording a call from a scam victim as a complaint under the DISP rules. It was acknowledged that if feasible, the timing in BPS and DISP should align and that the agreed timing would need to be included in the CRM.

It was agreed that a consumer who has met the requisite level of care will be reimbursed by its bank (i.e. the "sending" bank). It was suggested that this should be done within 10 to 20 days. It was agreed that the exact number of days will be discussed further by the Steering Group.

The Legal Working Group will report back to the Steering Group on whether the proposal that PSPs give the customer the option to 'convert' an APP scam report into a complaint (backdating complaint date) is possible/legal.

Discussion was held on the level of detail and prescription to include in the code versus the inclusion of high level principles which consumers and PSPs would need to abide by.

It was agreed that a follow up workshop would be held to discuss the PSP Standard of Care. Following this, the independent policy drafter would work with PSP representatives to present a revised PSP Standard of Care paper at the next Steering Group.

It was agreed that Consumer representatives would work with the independent policy drafter to further iterate the consumer requisite level of care paper to be presented at the next Steering Group.