

APP Scams Steering Group

Summary of ninth meeting 1 November 2018

Attendees

Ruth Evans, Chair

Judith Crawford, Electronic Money Association

Brian Dilley, Lloyds Banking Group

Dominic Lindley, independent consumer expert

Alasdair MacFarlane, RBS

Lucy Malenczuk, Age UK

Richard Piggin, Which?

Faith Reynolds, independent consumer expert

Wayne Stevens, Victim Support

Mark Tingey, Metro Bank

Ben Trim, HSBC

Sian Williams, Toynbee Hall

Jim Winters, Barclays

Melissa Dring, National Trading Standards (observer)

Kathryn Hardy, PSR (observer)

Elisa Longoni, PSR (observer)

Laura Mountford, HM Treasury (observer)

Alex Newbold, City of London Police (observer)

Alex Roy, FCA (observer)

Richard West, Financial Ombudsman Service (observer)

Nicola Baker, UK Finance (secretariat to the Steering Group)

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

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

Natasha Rowson, UK Finance (secretariat to the Steering Group)

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

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

Apologies

Sam White, Barclays

The Chair welcomed members and observers to the meeting and started by saying that reports back from the working groups had been very positive.

The Chair stated that she would be working with the secretariat and the regulator to address legal concerns raised by some Steering Group members ahead of publication of the final code.

The Chair established a Timeline Working Group consisting of the Chair and the Independent Reviewer along with a PSP representative and a consumer representative.

This working group is tasked with drafting a paper providing recommendations on the subject of the CRM code implementation timelines for circulation prior to the next steering group meeting.

The Steering Group discussed the appointment of a consultant to handle reviewing consultation responses for confidential information and summarising them, and the importance of independence from either PSPs, consumer groups and previous work in this arena such as the super-complaint. As agreed and instructed by the Steering Group, the PSR will appoint a consultant in consultation with the Chair and Independent reviewer.

Updates from the Working Groups

No-Blame Working Group

The PSP representative co-chair of the No Blame Working Group presented a progress update paper that had been circulated prior to the Steering Group meeting. The paper listed the possible sources of funds which the working group was evaluating. Members of the working group are currently in the process of analysing the possible sources of funding and the results will be discussed at an upcoming working group meeting.

The working group co-chair stated that UK Finance had worked with member PSPs in order to estimate the total size of the no-blame scenario funding amount and that a target amount had now been agreed. It was noted that modelling is inherently uncertain, but it helps provide a reasonable order of magnitude figure to work with. PSPs that shared budgeting projections with UK Finance were not able to see other PSPs figures for competition law reasons.

Evidential Approach Working Group

The consumer representative co-chair stated that the group had agreed to go through the code line by line and to categorise the suggested evidence into that evidence that would tend to suggest compliance and that evidence that would tend to suggest non-compliance. Those PSPs represented in the working group said that this would help them to operationalise the code.

There have been two meetings of the evidential approach working group so far with the first looking at the evidential approach for the sending PSPs and the second looking at the consumer level of care. There had been no substantial issues identified in the sending PSPs meeting, but some issues had been identified with the consumer meeting including when and to what extent consumers are expected to verify the person that they are paying.

The remaining two meetings of the evidential approach working group will be looking at the receiving PSP approach and the evidential approach for vulnerable customers.

It was noted that there could be a relationship between the governance and the evidential approach as there will be some things that might be better evidenced on a system level by a PSP under the governance, such as, was the effective warning system turned on at the time.

The evidential approach working group is considering whether a practitioner's guide for how PSPs can demonstrate compliance with the standards could be useful for PSPs that are unfamiliar with the detail of the code.

Reimbursement Process Flow Working Group

The chair of the working group explained that the working group had looked at the process for reimbursement for victims, how PSPs determine the apportionment of reimbursement and how PSPs can resolve disputes between them.

The chair of the working group explained that the group is focusing on the reimbursement process and the complaint handling process, which entail different procedural phases and timeline, and how this translates into what the consumer expects to happen when they have a claim or when they have a complaint. The working group is considering how quickly PSPs could reasonably complete the complaints process if they have already investigated the APP scam claim.

For the apportionment of the cost of reimbursement where more than one PSP involved did not meet their standard under the code, the working group is taking the approach that the method needs to be as straight forward as possible and therefore a 50-50 share between PSPs would be best.

Governance arrangements

The Steering Group discussion potential bodies that could govern the code and the Chair stated that the steering group would review responses to the consultation before taking this discussion forward. Several questions on governance were raised following a discussion on the governance arrangements and the Timeline Working Group was tasked with resolving those questions.

The independent reviewer stated there are two broad questions: What is the scope of the governance arrangement; and what are the practicalities of responsive mechanisms for triggering reviews. The Steering Group agreed that the CRM code should be reviewed after one year, then every three years after that, but ad-hoc changes can be made, if appropriate, at any time.

The next Steering Group Meeting is scheduled for the 3rd December.