

APP Scams Steering Group

Summary of Twelfth meeting 17 January 2019

Attendees

Ruth Evans, Chair

Alasdair MacFarlane, RBS
Brian Dilley, Lloyds Banking Group
Dominic Lindley, independent consumer expert
Faith Reynolds, independent consumer expert
Judith Crawford, Electronic Money Association
Lucy Malenczuk, Age UK
Richard Piggin, Which?
Sian Williams, Toynbee Hall
Wayne Stevens, Victim Support

Alex Roy, FCA (observer)
Elisa Longoni, PSR (observer)
Fatih Derouiche, UK Finance (secretariat to the Steering Group)
Jai Krishnan, Home Office (observer)
Kathryn Hardy, PSR (observer)
Katy Worobec, UK Finance (secretariat to the Steering Group)
Laura Mountford, HM Treasury (observer)
Melissa Dring, National Trading Standards (observer)
Natasha Rowson, 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)
Simon Rawle, Financial Ombudsman Service (observer)
Stephen Wilson, independent policy drafter (secretariat to the Steering Group)

Dial-in

Barnaby Hinnigan, Herbert Smith Freehills (for Issuing the Code agenda item only)
Emily Naylor, Herbert Smith Freehills (for Issuing the Code agenda item only)
Rebecca Park, UK Finance (for Communications agenda item only)
Sam White, Barclays

Apologies

Alix Newbold, City of London Police (observer)
Ben Trim, HSBC
Mark Tingey, Metro Bank
Nicola Baker, UK Finance (secretariat to the Steering Group)
Ross Studhome, FCA (observer)

Issuing the Code

The Chair introduced the representatives from the law firm Herbert Smith Freehills to present to the Steering Group (SG) on the legal guidance prepared for UK Finance on the issuing of the Code.

The HSF Representative set out the legal and governance issues surrounding the mechanics and the governance of issuing the Code and responded to questions from SG members regarding where liabilities and risks, which were said to be low, would lie.

He went on to describe the main points to consider in terms of having an issuing body and highlighted the consideration around the relationship between the SG and that issuing body along with the level of engagement the Steering Group would have.

Progress with Potential Governing Body

The Independent Reviewer gave an update on potential governing bodies. Discussions were still at an early stage and the Independent Reviewer stated that lots of work still needed to be done in terms of working out a plan for a potential governing body, specifically in creating a Terms of Reference (ToR) for instance, and refining the governance arrangements for the Code. Additional meetings will be held to discuss these details further.

Consultation Responses

There was a discussion on the consultation responses grouped by theme.

It was discussed how the consumer representatives want higher standards for firms, while PSPs want higher standards for consumers and that the SG reached a compromise on this for the draft code. Feedback on potential unintended consequences of the code were discussed, and consideration given to whether these are being appropriately managed.

There was a discussion about the appropriate scope of the Code, noting that a number of respondents raised issues around the exclusion of SMEs that may only be slightly larger than micro-enterprises as well as international payments, which is a growing area of APP scams. It was noted that these remain out of scope of the Code.

There was a discussion about the right time for inclusion of Confirmation of Payee in the code, to ensure consumers and PSPs could have confidence in the application and consistency of the changes.

The Steering Group discussed the need for clear and consistent communication from PSPs to consumers in relation to the Code.

Working Groups updates

A No Blame working group (NBWG) co-chair gave an update on the source of funds that the No Blame working group has decided to continue to explore dismissing others which they assessed as not being achievable. Both consumer representatives and PSPs agreed in principle to the proposal, however further work needs to be carried out and discussions held with relevant organisations before any commitments can be given on next steps. Two PSP representatives raised concerns with this proposal in relation to competition, implementation and unintended consequences.

The Evidential Approach working group (EAWG) co-chair gave an update on the work to review the consultation responses. The working group is working in conjunction with the independent drafter to update the guidance document and on points escalated to the Steering Group to be changed in the Code.

Reimbursement Process Flow working group (RPFWG) chair explained that the group is working on a decision tree for the customer journey, PSP apportionment and scenarios where a PSP is not part of the code. A progress update will be provided at the next Steering Group meeting.

Communication Progress

It has been agreed that the Steering Group will publish the consultation responses in January before the publication of the Code. The Steering Group felt it was important to mention in the associated press release that PSPs represented on the SG have been implementing some measures in the draft code from September 2018.

PISP and OB issues

The discussion was around the relationship between Payment Initiation Service Providers (PISPs) and the Code, and how the Code might apply to them. It was agreed that the Independent Reviewer would meet with the Open Banking Implementation Entity (OBIE) to discuss some of the issues raised.

Minutes for approval

The minutes of the SG meeting of 3 and 11 December were agreed.

The next meeting will take place on the 8th February.