# UK payments regulator sets the pace for APP fraud rules

Article

**The news:** The UK's **Payment Systems Regulator** (PSR) proposed requiring banks to reimburse authorized push payment (APP) fraud victims within 48 hours under most circumstances, per Finextra.

- APP fraud is when victims are tricked into transferring money to a fraudster—it's not covered by most reimbursement rules because the bad actor didn't hack the account to send the

money themselves.

- According to the [proposal](#), reimbursements will only apply to payments of at least £100 ($138), and banks will only be able to charge victims up to £35 ($48) for processing costs and fees involved with the transaction.

- The regulator also said that receiving and sending banks should split the reimbursement costs 50/50 and that the time limit to file a reimbursement claim can be no less than 13 months.

The PSR said it wants to see the requirements for mandatory APP fraud reimbursement implemented "as soon as possible."

**Why it's worth watching:** [Peer-to-peer (P2P) payments](#) are popular across the UK—but the payment method faces a growing fraud problem.

**The number of UK mobile P2P payment users is expected to hit 18.1 million in 2022**, up from 17.1 million last year, [according to](#) Insider Intelligence forecasts. Fraud—particularly APP fraud—has hindered P2P payments growth in the UK.

APP fraud losses in the UK reached £583.2 million ($802 million) in 2021, **up 39% from the year before**, [per](#) UK Finance. But only about 47% of those losses were reimbursed to victims. This has shaken consumer confidence in P2P payments and mobile wallets: Thirty-four percent of UK consumers have little or no trust in wallets, per Transact.

**What this means:** The PSR's proposal is a clear mandate for APP fraud reimbursement. Combined with steps that banks have taken, it creates stronger guardrails for consumers.

- The Lending Standards Board (LSB) [updated](#) the UK's contingent reimbursement model (CRM) code in May to improve APP fraud processing. The CRM code is a set of voluntary practices that nine of the UK's largest banks have agreed to abide by.

- Many banks have also joined the ["159" program](#), which connects most banking customers to their bank following a suspected fraud attempt.

While these efforts can help mitigate APP fraud, PSR rules can have a bigger impact on the industry and support stronger P2P payments adoption over time.

**Regulators across the pond, take note:** The PSR's APP fraud proposals can serve as a model for the US, where lawmakers like Sen. Elizabeth Warren (D-MA) are [pushing](#) for banks to reimburse APP fraud victims. Some US bank executives are reluctant to do so, fearing some
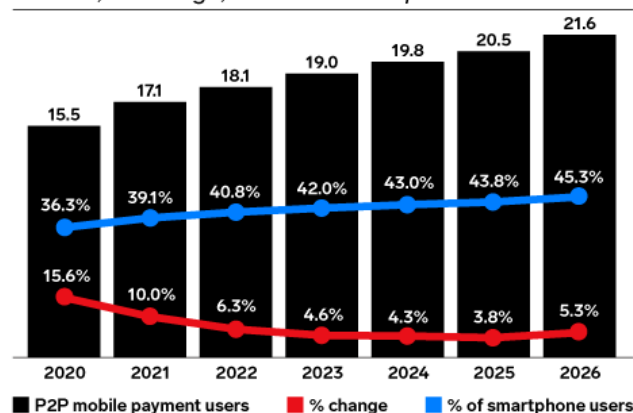
consumers may try to report false fraud claims. But APP fraud prevention efforts from the UK may provide a blueprint for future rulemaking.

**Note:** *These conversions are based on the average daily rate from 2021; we plan to update in the coming weeks to reflect current conditions.*

**Related content:** *Check out our "UK Mobile Payments" report to learn more about the state of mobile payments in the UK.*

**UK P2P Mobile Payment Users, 2020-2026**
*millions, % change, and % of smartphone users*

| Year | P2P mobile payment users | % change | % of smartphone users |
|------|--------------------------|----------|------------------------|
| 2020 | 15.5 | 15.6% | 36.3% |
| 2021 | 17.1 | 10.0% | 39.1% |
| 2022 | 18.1 | 6.3% | 40.8% |
| 2023 | 19.0 | 4.6% | 42.0% |
| 2024 | 19.8 | 4.3% | 43.0% |
| 2025 | 20.5 | 3.8% | 43.8% |
| 2026 | 21.6 | 5.3% | 45.3% |

Note: ages 18+; mobile phone users who have made at least one peer-to-peer (P2P) transaction via a mobile phone in the past month
Source: eMarketer, July 2022

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