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16 December 2021

By email: cop.consultation@psr.org.uk

Dear Sir / Madam,

Financial Services Consumer Panel response to the PSR's Consultation Paper on Confirmation of Payee: Ending Dual Running (PSR CP21/11)

The Financial Services Consumer Panel (the Panel) is an independent statutory body. We represent the interests of individual and small business consumers in the development of policy and regulation of financial services in the UK.

The Panel welcomes the PSR's proposals to end the dual running of CoP Phases 1 and 2 in a timely and co-ordinated manner on 30 April 2022. Broadening the adoption of CoP across the sector is both important and urgent as a precaution against the rise of authorised scams, most of which are authorised push payment (APP) fraud. Complaints for authorised scams were up 30% in Q2 2021 compared to the same period last year and over 60% were upheld by the Financial Ombudsman Service¹, suggesting banks are not treating scam victims fairly. While CoP alone won't be sufficient to counter the rising risk of digital fraud and consumer harm, the PSR's proposals are a welcome step towards that goal.

We support the plan to migrate PSPs to the Phase 2 environment and retire the rules and infrastructure that supported Phase 1. We support the roles assigned to Pay.UK and OBIE and the expectations you are placing on them to ensure a smooth transition. We do not have any comments on your cost benefit analysis or the equality impact assessment.

Our one substantive comment on the text of the proposed Specific Direction relates to the reporting provisions for PSPs and Pay.UK at 5.1 and 5.2. respectively. The overall timeline for the transition is (broadly) 5 months. Within this, reporting will need to be frequent if there is to be enough time to remedy any issues that arise, and it will need to begin immediately the Direction is issued. We are, however, concerned that monthly reporting might not be frequent enough. Given the cost of fraud and scams to consumers, particularly the more vulnerable, and the short transition period, we would not consider a faster reporting cycle (e.g. weekly or fortnightly) to be disproportionate.

Yours sincerely,

Wanda Goldwag
Chair, Financial Services Consumer Panel

¹ See <https://www.financial-ombudsman.org.uk/news-events/financial-ombudsman-sees-30-increase-authorised-scam-complaints>.