NICE Actimize

PSR Shift of Liability:

What You Need to Know

Updated to reflect December 2023 PSR Policy Statement

The U.K. Payment Systems Regulator (PSR) provided reimbursement requirements and changes in liability that have worldwide impact on financial institutions (FIs) and Payment Service Providers (PSPs) operating in the U.K.

As of 7 October 2024, sending and receiving PSPs will share the cost of reimbursement to victims 50-50. And there are also new protections for consumers who may be more vulnerable to scams.

5 Key Takeaways

1. **Sending and Receiving PSPs must split APP fraud reimbursement 50-50**
2. **Reimbursement requirement for Authorised Push Payment (APP) is only applicable to Faster Payments**
3. **Sending PSPs have a limited time for thorough claims review– 35 business days max**
4. **Maximum reimbursement level is £415,000, and banks cannot 'blindly' apply a £100 claims excess against a consumer's claims (not applicable to vulnerable consumers)**
5. **Consumer Standard of Caution Exceptions narrow the consideration of gross negligence during investigations for claims denials**

Implementing new controls now can mitigate risk. Protect customers from fraudsters who seek to circumvent an FI's internal controls by using money mules to transfer money between accounts and execute APP frauds.

4 steps to mitigate APP fraud:

- Identify Early
- Mitigate Exposures
- Resolve Investigations
- Adhere to Regulations

For a deeper look into PSR requirements, download the eBook.

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