Independent evaluation of the PSR's APP scam policies

Final Report webinar

07/07/2026

What to expect today

Presentation of key evaluation findings

45 mins

Summary of findings by theme

Q&A

15 mins

Dedicated time for questions, reflections and feedback

Introduction

We assessed the impact of the PSR’s key Authorised Push Payment (APP) scam policies

In scope		Out of scope		
Reimbursement Requirement	APP Fraud Performance Data	Confirmation of Payee	Delayed Payments Legislation	The Fraud Originations Report

The evaluation was structured around four themes:

- **Theme 1: Impacts on PSP actions to tackle APP scams**
- **Theme 2: Impacts on fraud**
- **Theme 3: Impacts on consumer welfare**
- **Theme 4: Impacts on the PSP and other markets**

We do not make policy recommendations but have provided the PSR with a sound and impartial evidence base

We examine the causal impact by triangulating quantitative and qualitative data to test theoretical causal pathways

The key challenge throughout is identifying what is **attributable** to the APP fraud policies

"What is different compared with what would have happened without the APP fraud policies"

We used a **contribution analysis** approach, consistent with HM Treasury's Magenta Book guidance:

- Setting out the **theory of change**: mechanisms through which impacts are expected to occur
- Examining evidence for these mechanisms using quantitative and qualitative analysis

Quantitative analysis

- **Industry evaluation data** collected from 23 PSPs
  - Monthly data on APP fraud and reimbursement metrics for April 2023 – September 2025
- **Standard A reporting data**
- UKF Fraud Reporting
- FCA data on PSP financials
- FOS data on customer complaints
- … and more

Qualitative analysis

- 25 **Stakeholder interviews**
  - PSPs and industry groups
  - Consumer groups
  - Fraud tech firms
  - Wider fraud ecosystem stakeholders
- 15 responses to a **voluntary survey**
  - PSPs and industry groups
  - Claims management firms

Summary

The APP scam policies have met most of their objectives and delivered net benefits in the short term

Theme 1: Impacts on PSP actions to tackle APP scams	The reimbursement requirement strengthened PSP incentives to prevent APP fraud and contributed to stronger APP fraud controls.
Theme 2: Impacts on fraud	Following the introduction of the policies UK APP fraud fell materially, and the pattern of reduction indicates that the reimbursement requirement was a key driver behind this fall.
Theme 3: Impacts on consumer welfare	Consumers are better protected because reimbursement has increased and fewer funds have been lost to APP scams, but outcomes remain inconsistent across PSPs.
Theme 4: Impacts on the PSP and other markets	The policies increased PSP costs, but most firms appear to have been able to absorb the impact so far.
Assessment of effectiveness	Overall, the policy has met most objectives, and the quantified benefits appear to exceed the quantified costs in the first year after implementation.

Limitations and notes on interpretation

1	**Short-term nature of the evaluation**	We cover the first year after the reimbursement requirement came into force in October 2024 – our results therefore capture short-term impacts.
2	**Measuring scams as they happen**	Our analysis captures scam activity in the period when it happened, rather than when the claim was made or closed – our figures are not directly comparable with other organisations' reporting.
3	**Accounting for reporting lags**	We cannot make conclusions about long-term APP scams that happened since the introduction of the policy as many of these were not reported when data was collected in December 2025.
4	**Data limitations**	The analysis draws on datasets that differ in coverage, definitions and reporting basis, and there are differences within datasets in how firms responded – estimates should be interpreted as the best available evidence rather than precise measures.
5	**Accounting for anticipatory effects**	PSPs may have acted in anticipation of the reimbursement requirement, so we compare to Apr – Dec 2023 as 'pre-policy', with Jan – Sep 2024 viewed as a 'transition period'.
6	**Attributing impacts to the policies**	We rely on a triangulation of evidence from different sources to attribute the observed outcomes to the policy as we cannot quantitatively control for all factors that affect market outcomes.

Theme 1: Impacts on PSP actions to tackle APP scams

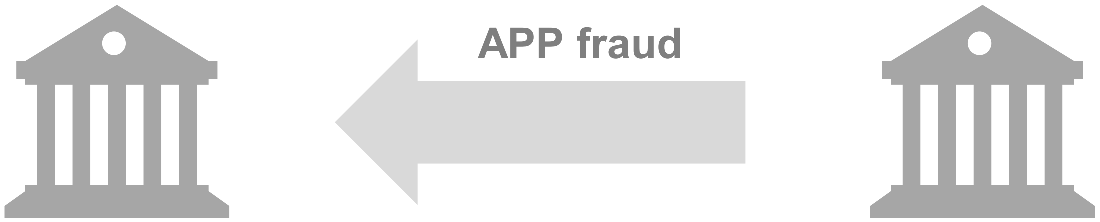
PSPS HAVE MATERIALLY STRENGTHENED APP FRAUD CONTROLS SINCE 2023

THE REIMBURSEMENT REQUIREMENT WAS A SIGNIFICANT DRIVER OF PSP ACTIONS TO TACKLE APP FRAUD

WIDER CUSTOMER, COMMERCIAL AND FRAUD-RISK DRIVERS ALSO MATTERED TO PSP ACTIONS

APP FRAUD PERFORMANCE DATA WAS NOT A PRIMARY DRIVER OF PSP ACTIONS

The reimbursement requirement changed incentives, especially where liability increased



Inbound fraud

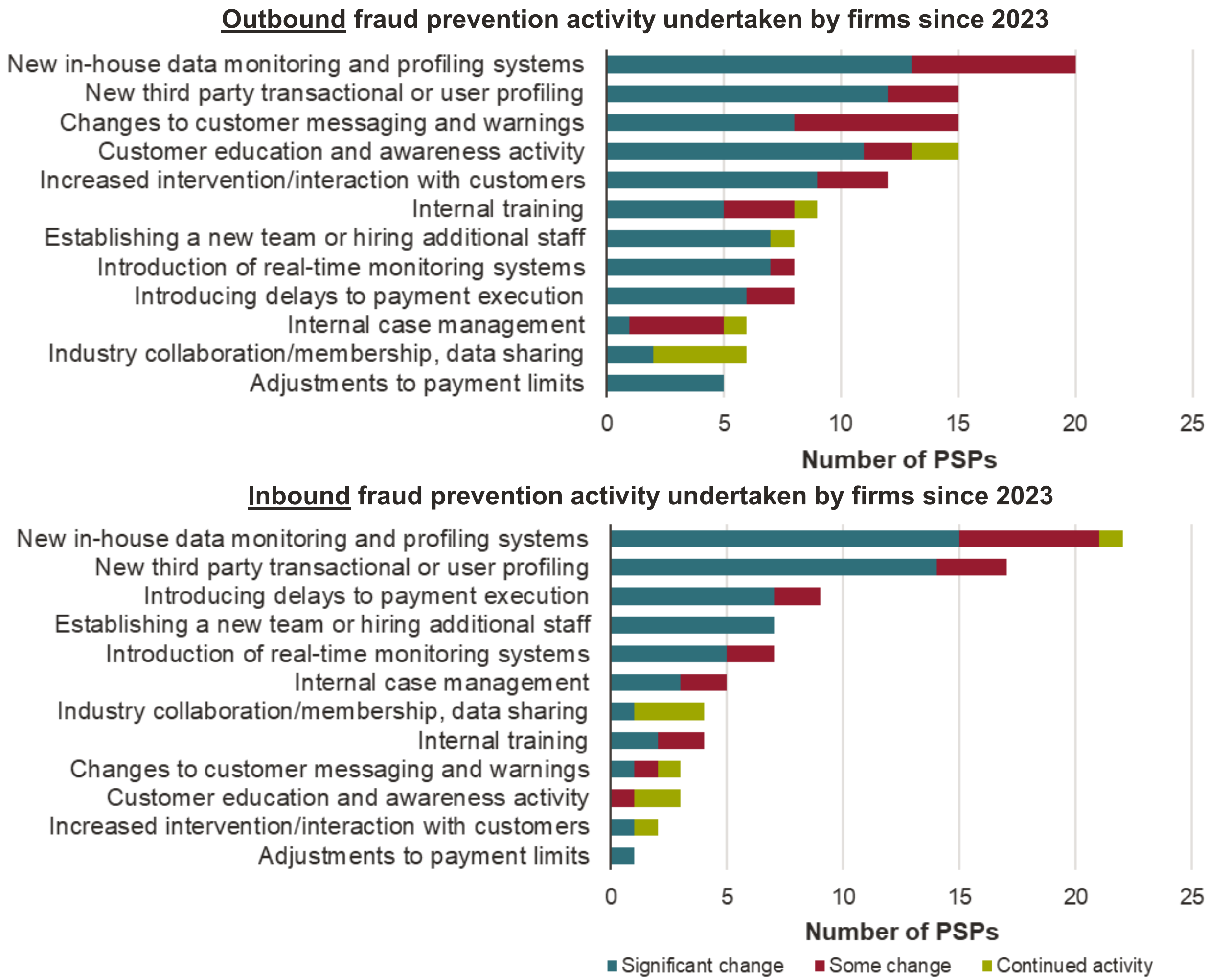
CRM	Non-CRM
Generally **did not reimburse** customers before the policy	
Increased incentive to tackle APP fraud for all firms	

Outbound fraud

CRM	Non-CRM
Generally **reimbursed** customers before the policy	Generally **did not reimburse** customers before the policy
Limited increase in the incentive to tackle APP fraud	**Increased incentive** to tackle APP fraud

PSPs have materially strengthened APP fraud controls since 2023

- **Outbound controls improved** via outbound transaction monitoring, targeted warnings, customer education and third-party tools.
- **Inbound controls improved** through transaction monitoring and profiling, mainly aimed at mule detection.



Source: Frontier analysis of industry evaluation data and the voluntary evaluation PSP survey

Notes: PSP free-text submissions on the types of activity undertaken since 2023 have been grouped into types of activities and the scale of activity by Frontier. The categorisation and groupings are illustrative.

The reimbursement requirement was a significant driver of PSP actions to tackle APP fraud

- **Non-CRM firms** were more likely to report **significant new action**

> *“[the reimbursement requirement] is the main driver behind the investment”*
>
> *- A Non-CRM PSP*

> *“the key element that it comes back to is the financial loss that could sit there [due to the reimbursement requirement]”*
>
> *- A Non-CRM PSP*

- **For CRM firms**, the reimbursement requirement **reinforced existing incentives** and strengthened the business case for inbound controls

> *“[the policy has] helped us support, accelerate some enhancements [and has influenced] priorities and spend, [but is has not] fundamentally led us down a different path”.*
>
> *- A CRM PSP*

> *“[without the policy we] wouldn't have been introducing major change on the mule side at the same time as [another significant programme of work] from a bandwidth perspective”.*
>
> *- A CRM PSP*

Source: Frontier analysis of stakeholder interviews

The reimbursement requirement was not the only driver of PSP actions

PSP actions to tackle APP fraud were driven by wider factors in addition to the reimbursement requirement

- **Protecting consumers**
- **Reducing operational costs**
- Maintaining **customer trust and loyalty**
- Responding to **increasing fraud sophistication**

Most PSPs did not see fraud performance data publication as a primary investment driver, but some said it informed senior discussions when prompted

- Most stakeholders **did not raise the publication of performance data** of their own volition
- Some said it may have created **additional reputational pressure for some smaller PSPs**.
- The consensus view was that it **does not affect consumer behaviour**

Source: Frontier analysis of stakeholder interviews

Theme 2: Impacts on fraud

THE VALUE OF APP FRAUD HAS FALLEN BY £73M PER YEAR SINCE THE POLICY WAS IMPLEMENTED

THE REIMBURSEMENT REQUIREMENT WAS A KEY DRIVER OF THIS FALL IN APP FRAUD

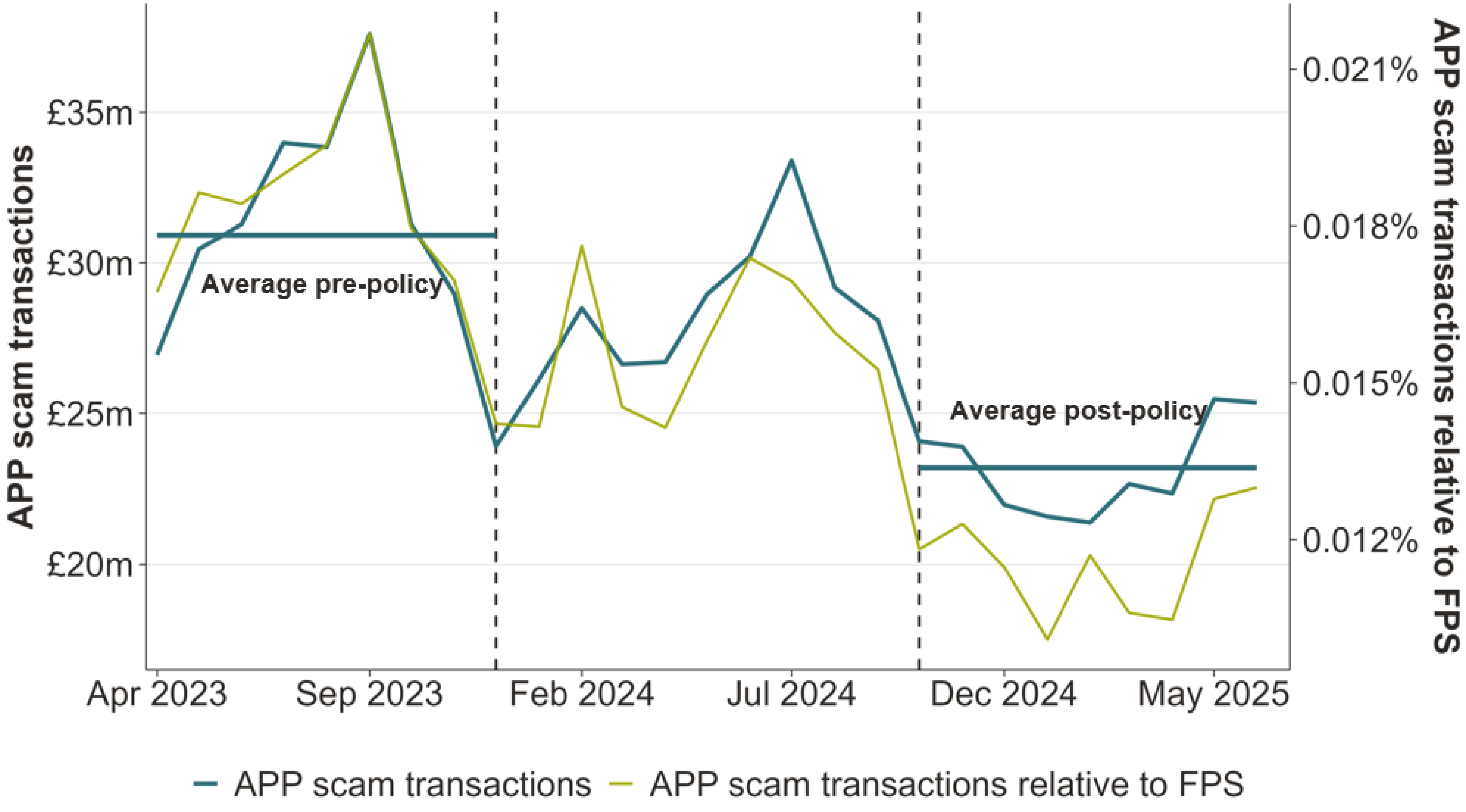
FRAUD ACTIVITY MAY HAVE BEEN DISPLACED TO OUT-OF-SCOPE FRAUDS

OVERALL FRAUD LEVELS REMAIN HIGH

APP fraud losses fell materially after the introduction of the reimbursement requirement

- Comparable **FPS APP scam value fell by around 21%**, equivalent to **£73m per year.**
- **Or £91m under assumption** that scams that have not yet been observed reduced by the same extent.
- **APP scam losses relative to total FPS transaction value fell 36%**, from £181 to £116 per £1m sent.

Value of comparable APP scams by scam transaction date

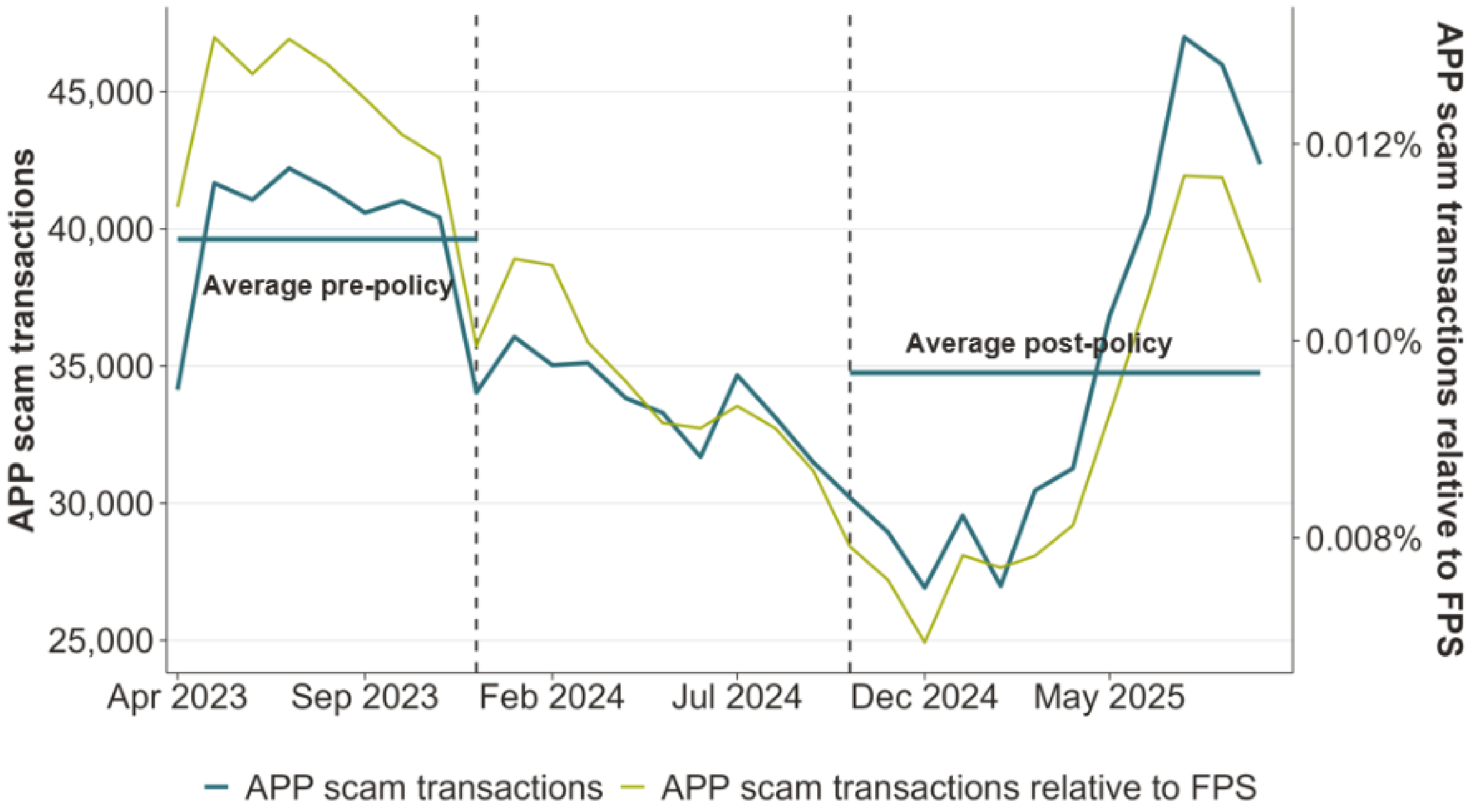


Source: Frontier analysis of industry evaluation data
Notes: Data based on 20 PSPs. Data includes only confirmed scam transactions claimed in the first 6 months since the transaction. Pre-policy is average Apr 2023 - Dec 2023, post-policy is average Oct 2024 - Jun 2025.

The number of scams fell initially but increased in 2025

- **Volume of scam transactions fell by 12%**, from 39,600/month pre-policy to 34,700/month post-policy.
- **However, they increased again in spring and summer 2025**.
- This later increase was **driven by lower-value scam types** - especially purchase scams and some advance fee scams.

Volume of comparable APP scams by scam transaction date

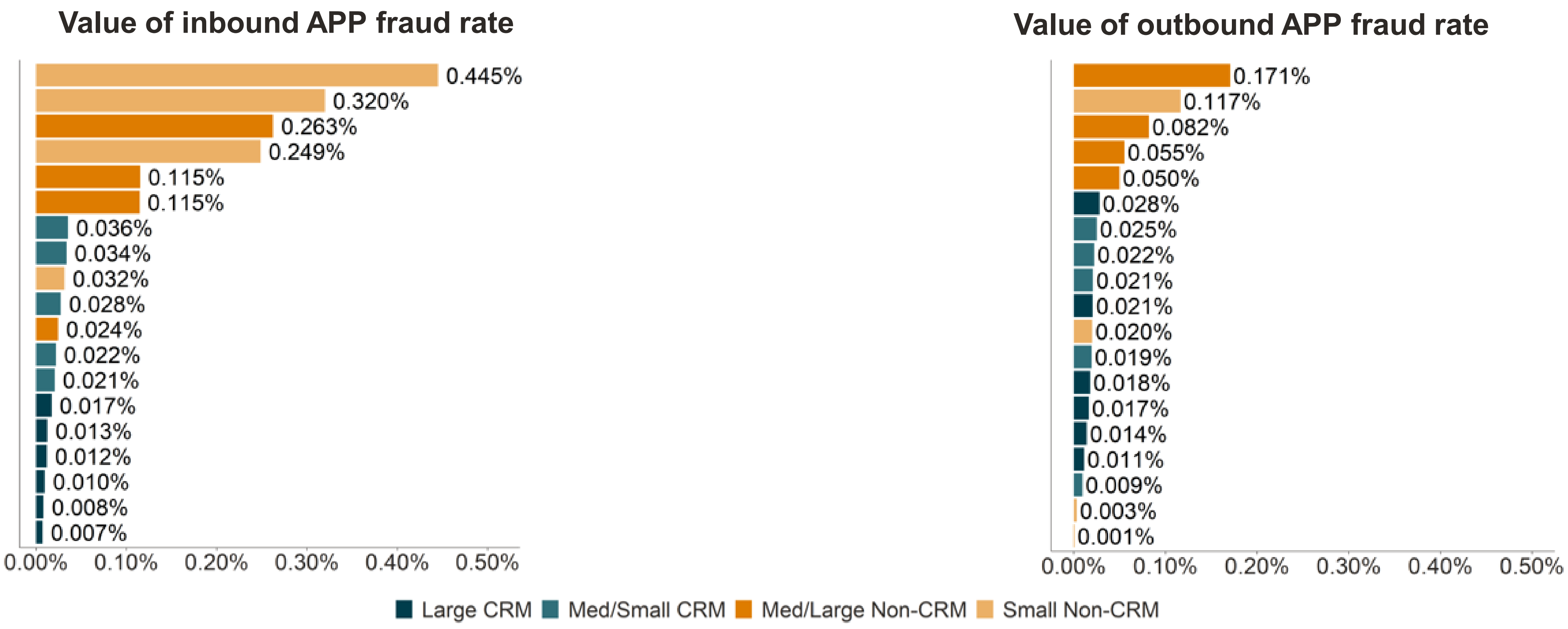


Source: Frontier analysis of industry evaluation data
Notes: Data based on 20 PSPs. Data includes only confirmed scam transactions claimed in the first 3 months since the transaction. Pre-policy is average Apr 2023 - Dec 2023, post-policy is average Oct 2024 - Jun 2025.

There were large differences in the inbound and outbound scam rates between PSPs before the policy

- **Inbound APP scam rates** were vastly different across PSPs before the introduction of the RR.

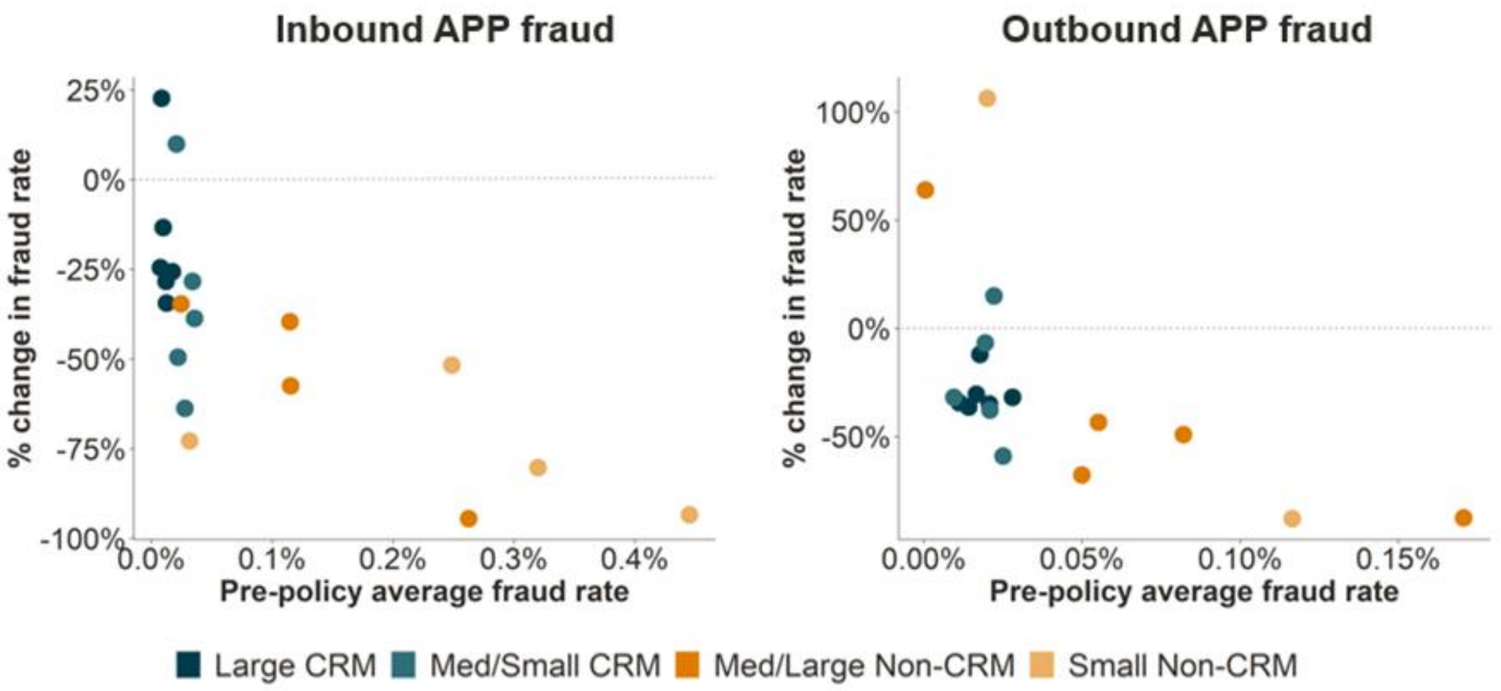
- **Outbound scam rates** were also different across PSPs before the introduction of the RR, but to a much lower extent.



Source: Frontier analysis of industry evaluation data

Notes: Inbound fraud data is constructed using sort-code level data on outbound fraud from PSPs in our sample. Outbound fraud data is based on reported outbound fraud by PSPs in our sample. Data shown is the Apr-Dec 2023 average.

The PSPs with the highest pre-policy rates of APP fraud saw the largest fraud reductions post-policy



- The largest fraud reductions were among PSPs **where the incentives and scope for improvement were the strongest**.
- This aligns with the evidence above that the **reimbursement requirement was a significant driver for investments** in fraud prevention.
- Indicates that **the fall in APP scam levels was driven by the reimbursement requirement.**

Source: Frontier analysis of industry evaluation data
Note: APP fraud is shown as a percentage of FPS transactions before the policy, April 2023 - December 2023, and after the policy, from October 2024 onwards. The change is calculated by comparing the two periods. Inbound fraud data is constructed using sort-code level data on outbound fraud from PSPs in our sample. Outbound fraud data is based on reported outbound fraud by PSPs in our sample.

Some fraud may have shifted outside the scope of the reimbursement requirement and fraud levels remain high

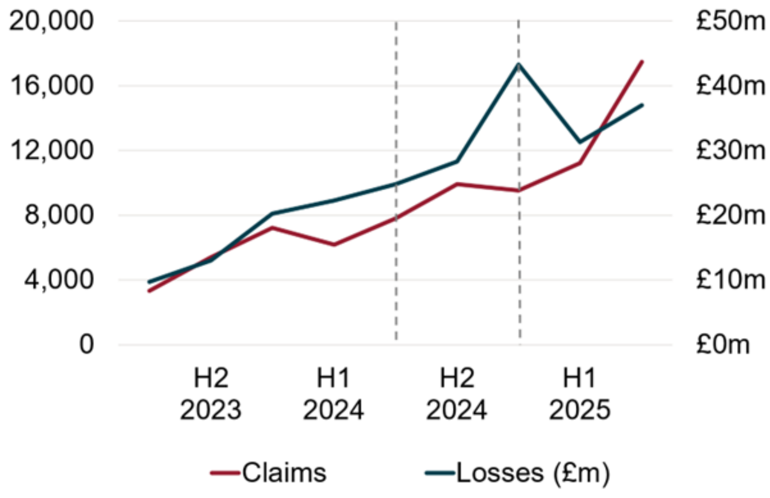
- **Losses from out-of-scope international APP scams increased by £39m** per year since 2023.

APP fraud to international accounts

Source: Frontier analysis of UK Finance Fraud Reporting data

- **Losses from crypto scams** have **increased** indicatively by **£94m per year** during the period, but much of this increase is covered in our overall APP scam data.

APP fraud to crypto exchanges



Source: Frontier analysis of FCA PSP APP Fraud survey

Note: The estimate is scaled to market total used the reported crypto fraud of 13 PSPs that cover 58% of the FPS market.

- **Levels of unauthorised fraud and APP fraud not in scope for reimbursement requirement remain high.**

£1.3bn

Value of total fraud losses reported in 2025

Source: UK Finance Fraud Reporting data

Theme 3: Impacts on consumer welfare

CONSUMER REIMBURSEMENT HAS INCREASED FROM 54% OF ALL APP FRAUD TO 65% OF ALL APP FRAUD

INCONSISTENCIES IN CONSUMER OUTCOMES ACROSS THE MARKET REMAIN

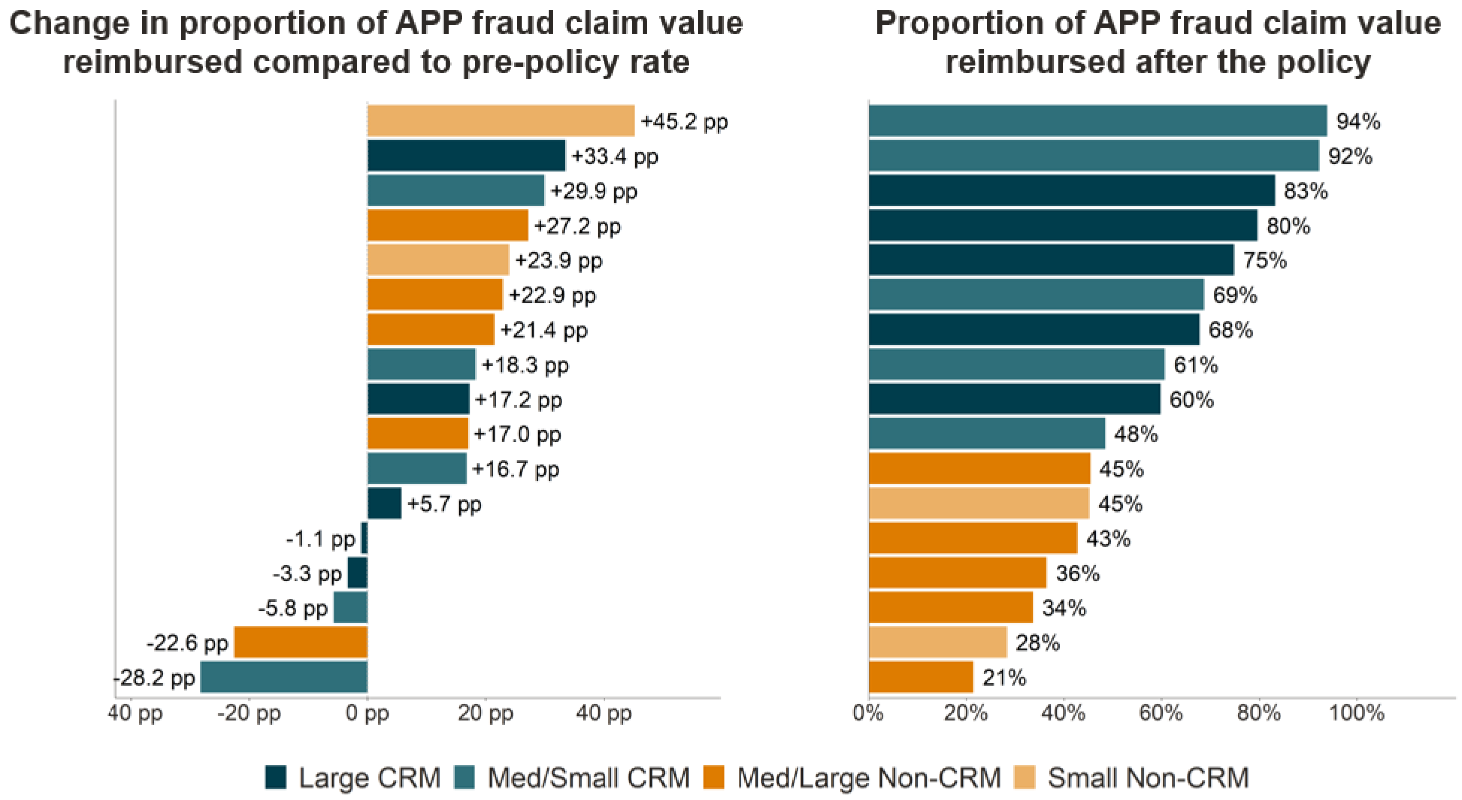
CONSUMERS HAVE BENEFITTED FROM THE FALL IN APP FRAUD

STRONGER FRAUD CONTROLS APPEAR TO HAVE INCREASED PAYMENT FRICTION IN SOME CASES, BUT THERE IS LIMITED EVIDENCE OF WIDER HARM

Reimbursement rates increased on average, but outcomes vary between PSPs

- The proportion by value of confirmed APP scam losses reimbursed to consumers increased from 54% before the policy to 65% after implementation.
- Both CRM and non-CRM firms have increased their average reimbursement rate, but CRM firms reimburse customers a higher proportion of customer losses.

Note: Differences in reimbursement rates between firms need to be treated with caution – rates differ due to differences in:
- *Prevalence and reporting of out of scope claims*
- *Use of policy exclusions*
- *Data issues as industry adjusts to the new reporting standard*



Source: Frontier analysis of industry evaluation data
Note: Reimbursement rate is measured as reimbursements paid out as a proportion of all confirmed APP scam claims in the same month. Data pre-policy relates to all scam claims reported in that month. Data post-policy only relates to scam claims for transactions since October 2024.

We observe differences in some aspects of how the reimbursement requirement is applied between PSPs

Some differences in reimbursement rates are driven by data recording differences.
However, we also observe:

PSPs apply the CSOC differently	3% of in-scope APP scam claims have been rejected due to the Consumer Standard of Caution exemption since Oct 2024. Firm-level use varies materially: one firm rejected reimbursement due to the CSOC in over 25% of cases by value and volume, while other firms did not apply it at all.
PSPs differ in their use of the voluntary up to £100 excess	Non-CRM firms apply the voluntary excess more frequently than CRM firms. For example, an excess was applied to 93% of cases among non-CRM firms, compared with 53% for CRM firms.
Vulnerability assessments vary between PSPs	Firms identified vulnerable consumers in between 2% and 38% of claims, with large CRM firms typically more likely to assess customers as vulnerable than other firms. Vulnerability affects whether CSOC and claims excess can be applied.
PSPs differ in whether they reimburse losses above the £85,000 cap	CRM firms account for most claims above the £85,000 cap and reimbursed 37% of above-cap claim value on average. However, firm-level approaches ranged from near-full voluntary reimbursement to no reimbursement above the cap.

Consumers also benefitted from lower APP scam losses

The reduction in APP fraud has led to…

£34m/year reduction in consumer losses

- Losses from **APP fraud have fallen by an estimated £73m per year**.
- Pre-policy, **46% of losses (or £34m/year) would not be reimbursed to consumers**.

~30,000/year fewer people experiencing long-term impacts

- **APP scams have fallen by around 34,800 scams per year**.
- **85% of victims** experience long-term impacts after an APP scam.
- So, this reduction in scam cases could mean around **29,600 fewer people experience long-term emotional impacts** each year.

Source: Frontier analysis of PSR APP Fraud Consumer Survey

Stronger fraud controls appear to have increased payment friction in some cases, but there is limited evidence of material wider consumer or business harm

Payment frictions

- APP fraud controls **appear to have increased payment friction**, mainly through monitoring and payment interventions rather than onboarding
- But friction has been **designed to be targeted** including to **higher-risk payments** and customers, including **crypto and international payments**

Faster Payments and Open Banking usage

- There is **no clear evidence** that the policies have reduced **FPS usage**
- There is some qualitative evidence of friction in Open Banking journeys, but it is **not clear that this has materially slowed overall Open Banking growth to date**

Source: Frontier analysis of stakeholder interviews

Theme 4: Impacts on the PSP market and other markets

PSP COSTS APPEAR TO HAVE INCREASED OVERALL

MOST PSPS APPEAR ABLE TO ABSORB THE COST IMPACT IN THE SHORT TERM

THE REIMBURSEMENT REQUIREMENT APPEARS TO HAVE STRENGTHENED THE COMMERCIAL CASE FOR ANTI-FRAUD TECHNOLOGY

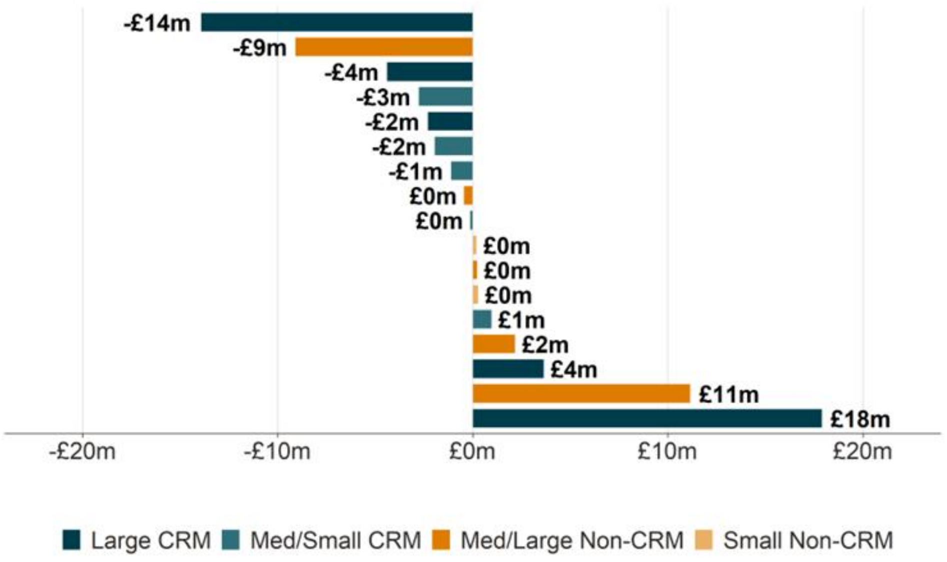
LONG-TERM IMPACTS ARE UNCERTAIN

PSP costs increased overall: market-level reimbursement costs are largely unchanged but non-reimbursement costs increased

- **The impact of reimbursement costs is uneven across PSPs**, with firm-level changes ranging from -£14m to +£18m.
- In aggregate at market level, **annual reimbursement costs are largely unchanged** post-policy.

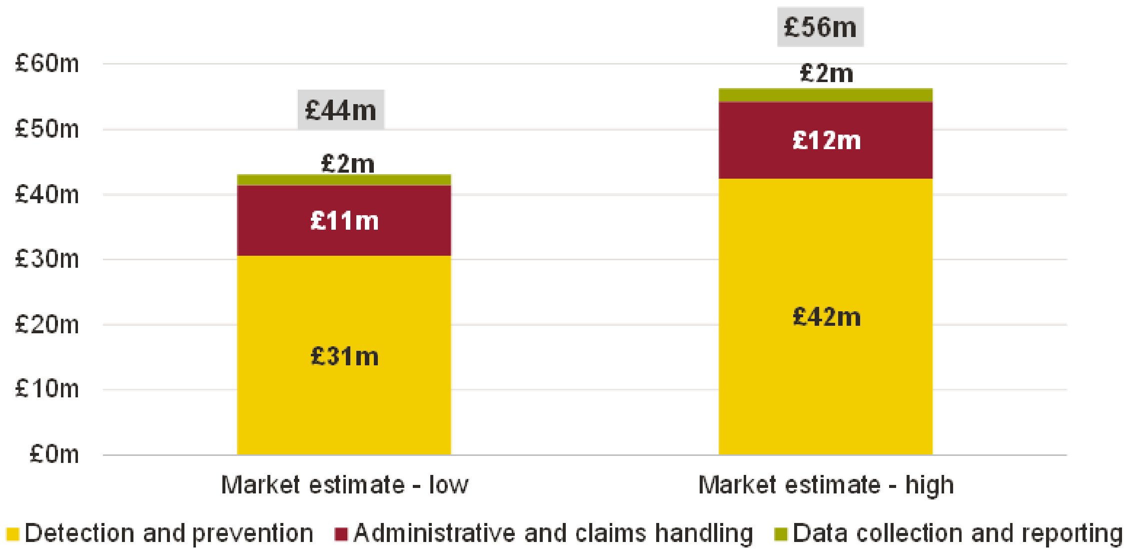
- PSPs incurred additional non-reimbursement costs from fraud prevention, claims handling, dispute management, reporting and compliance
- **Whole-market non-reimbursement costs** are estimated on an illustrative basis to have **increased £44m to £56m per year**.

Change in annual reimbursement cost by firm



Source: Frontier analysis of Standard A and industry evaluation data
Note: Change in reimbursement costs is calculated as the difference between annualised customer reimbursement in the pre-policy period, April –Dec 2023, and the post-policy period, Jan – Jun 2025.

Illustrative incremental industry annual non-reimbursement costs

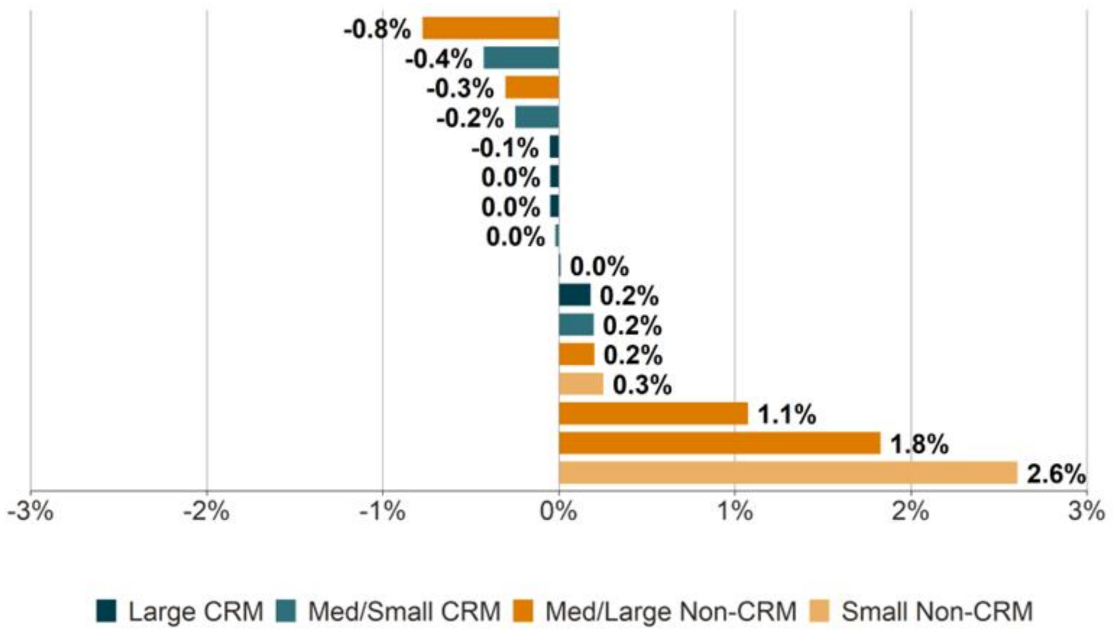


Source: Frontier analysis of industry evaluation data, the voluntary evaluation PSP survey and the FCA PSP APP Fraud survey

Costs appear manageable for most, but unevenly distributed

- Most firms in our sample either saw annual reimbursement costs fall or increase by less than 0.5% of revenue.
- However, three firms experienced more material increases, including one firm where the increase was equivalent to 2.6% of revenue.

Change in annual reimbursement costs as a share of revenue by PSP



Source: Frontier analysis of industry evaluation data and FCA data
Note: Change in annual reimbursement costs is calculated as the difference between annualised consumer reimbursement in the pre-policy period, April 2023 to December 2023, and the post-policy period, January 2025 to June 2025. Revenue is based on FCA financial returns for the four quarters from December 2024 to September 2025, with firm-specific adjustments where required due to missing values. Figures are shown only for firms where both reimbursement and revenue data were available

The reimbursement requirement appears to have strengthened the commercial case for anti-fraud technology

- **12 out of 23 PSPs in our sample reported using third party providers** to tackle APP fraud since 2023.
- Third party providers were **used for both user and transaction profiling.**

- Stakeholders point to commercial salience driving demand and innovation.

“

[Demand has] “definitely increased,” … *[the UK is]* “pushing the envelope” *[in fraud innovation]*

– Fraud tech provider

Source: Frontier analysis of industry evaluation data and the voluntary evaluation PSP survey

Long-term impacts are uncertain, but stakeholders raised some concerns

There is no clear evidence of material market harm to date.

- **No evidence of increased PSP exits** or reduced market entry
- **No evidence that investment in the fintech** sector in the UK has been **negatively affected**

However, stakeholders raised some concerns…

- **Higher costs and liability** exposure could create **barriers to entry** for new firms entering the UK PSP market
- **Resources have been diverted to fraud prevention** from other investments, which could **limit innovation** in the market
- **PSPs may de-risk their activities** by stopping serving higher risk customers or reducing activities in certain sectors
- **The lack of aligned incentives** to prevent fraud across the wider fraud ecosystem will weaken long-run effectiveness.

Source: Frontier analysis of stakeholder interviews

Assessment of effectiveness

The policies have broadly delivered against the PSR’s objectives in the short term

Less APP fraud	▪ **The annual APP fraud losses we measure fell by an estimated £73m since October 2024 compared to 2023 levels.** ▪ The evidence indicates that the reduction has been driven to a significant extent by the reimbursement requirement. ▪ Some of this reduction may be offset by the policy driving an increase in international APP scams over the same period.
Improved protection for victims	▪ **The reimbursement requirement has increased protection for victims.** The proportion of confirmed APP scam losses reimbursed increased from 54% before October 2024 to 65% since 2025, implying a £34m/year benefit for consumers. ▪ Consumers have also benefited from lower losses to APP scams, estimated as a £39m/year benefit. ▪ However, consumer outcomes vary across PSPs as firms vary in their use of the Consumer Standard of Caution, vulnerability assessments, application of the voluntary up to £100 excess and voluntary reimbursement above the max cap.
Effective incentives for payment firms	▪ **This outcome has been achieved by the reimbursement requirement.** PSPs have strengthened fraud controls since 2023, and the reimbursement requirement was a key driver behind this. ▪ The publication of APP fraud performance data increased transparency and supported PSPs’ internal benchmarking, but there is limited evidence that it drove changes in PSP behaviour.
Increased confidence in Faster Payments	▪ **This outcome is not yet evidenced.** ▪ Consumer awareness of the reimbursement requirement remains low, and there is no evidence so far whether the policies have increased confidence in Faster Payments. ▪ There is also no evidence whether they have reduced overall Faster Payments or Open Banking usage.

Quantified benefits exceed quantified costs in the short term

	Benefits	Costs
Consumers net benefit: **£73m**	**£34m** reduction in consumer losses due to prevented APP fraud **£39m** increase in consumer reimbursement due to increased reimbursement rates (net transfer)	
PSP net benefit: **-£44m to -£56m**	**£39m** reduction in reimbursement costs due to prevented APP fraud	**£31m-£42m** PSP investment in fraud prevention and detection **£13m-£14m** PSP costs of administering claims and data requirements **£39m** increase in reimbursement costs due to increased reimbursement rates (net transfer)
	Total benefits: £73m	**Total costs: £44m-£56m**
	Net benefit from main impacts: £17m to £29m	
Impacts requiring additional assumptions:	**£18m** additional benefit from reduction of in scope APP fraud not yet observed	**£39m** increase in out-of-scope international APP fraud
	Total benefits: £91m	**Total costs: £83m-£95m**
	Net benefit from further impacts: -£4m to £8m	

Benefits not monetised:

- Non-financial consumer harm avoided due to lower APP fraud
- Improvement in non-financial consumer outcomes from increased reimbursement
- Increased consumer confidence in services
- Increased investment in anti-fraud technology companies spurs innovation
- Claims management costs avoided due to lower APP fraud

Costs not monetised:

- Increase in out-of-scope crypto fraud
- Customer harm from increased frictions and reduced service access
- Customer harm from fraud claims process
- Increase in other stakeholder costs

Thank you for your time

Q&A

Any questions, reflections or feedback?

Email:

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if Q&A Teams functionality is not available for you

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