

INDEPENDENT EVALUATION OF APP SCAM POLICIES: SUMMARY REPORT

01 JULY 2026

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Glossary

APP scam / APP fraud: A scam where a consumer is manipulated, deceived or persuaded into authorising a payment to an account outside their control, where the recipient is not who the consumer intended to pay, or the payment is not for the purpose the consumer intended.

Civil dispute: A dispute about the quality, delivery or terms of goods or services, rather than an APP scam. Civil disputes are outside the reimbursement requirement.

CHAPS: The UK high-value same-day sterling payment system, typically used for large or time-critical payments.

Confirmation of Payee: A name-checking service that allows a payer to check whether the account name they have entered matches the name on the recipient account before making a payment.

Consumer: For the purposes of the reimbursement requirement, individuals, microenterprises and eligible charities that use payment services.

Consumer Standard of Caution (CSOC): The standard consumers are expected to meet under the reimbursement requirement, including having regard to relevant warnings, promptly reporting suspected scams, responding to information requests, and consenting to police reporting where required.

Contingent Reimbursement Model (CRM) code: The voluntary code that preceded the mandatory reimbursement requirement and set standards for how participating firms should reimburse victims of APP scams.

Faster Payments System (FPS): The UK payment system that enables near real-time electronic payments between participating payment service providers.

Financial Conduct Authority (FCA): The UK regulator responsible for conduct regulation of financial services firms and financial markets.

Financial Ombudsman Service (FOS): The independent body that resolves complaints between consumers and financial services firms.

First-party fraud: A case where a customer falsely claims to have been the victim of fraud, for example to obtain reimbursement.

Indirect FPS participant: A payment service provider that accesses the Faster Payments System through another PSP, usually a direct participant, rather than connecting directly itself.

In-scope APP scam policies: The APP fraud reimbursement requirements for Faster Payments and CHAPS, and the PSR's APP fraud performance data.

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In-scope claim: A claim that is recorded as needing assessment under the reimbursement requirement, before any decision is made on whether it is reimbursable.

Mule: A person or account used to receive, move or transfer funds obtained through fraud or other criminal activity, often on behalf of another person.

Payment Service Provider (PSP): In relation to a payment system, means any person who provides services to persons who are not participants in the system for the purposes of enabling the transfer of funds using the payment system.

Payment Systems Regulator (PSR): The UK regulator responsible for regulating payment systems, including Faster Payments, and for introducing the APP scam reimbursement requirement.

Performance data: APP fraud data published by the PSR, mainly for the fourteen largest UK banking groups, covering firms' management of APP fraud, with some additional receiving-side data for smaller firms.

Receiving PSP: A PSP providing a payment account into which APP scam payments are received.

Reimbursable claim: A claim that a PSP has assessed as meeting the criteria for reimbursement under the reimbursement requirement.

Reimbursement requirement: The requirements introduced by the PSR for Faster Payments, and by the Bank of England for CHAPS, which set minimum standards for PSPs to reimburse eligible victims of APP fraud up to a maximum value of £85,000 per claim.

Relevant account: An account held in the UK that can send or receive Faster Payments or CHAPS payments and is within the scope of the reimbursement requirement.

Reporting Standard A (Standard A): The compliance reporting standard under which sending PSPs report core data on in-scope APP scam cases, including claim volumes, values and reimbursement outcomes.

Second-generation mule: A mule account that receives funds from another mule account rather than directly from the victim, helping criminals layer and move stolen funds through the payment system.

Sending PSP: A PSP that provides a relevant account for a consumer, from which one or more FPS APP scam payments were made.

UK Finance: The trade association representing the UK banking and financial services industry.

Executive Summary

We find that Authorised Push Payment (APP) scam policies, the reimbursement requirement in particular, have yielded benefits greater than costs in the short term. APP fraud fell materially, and consumers are better protected overall. However, outcomes remain uneven across payment service providers (PSPs), some fraud may have shifted outside the scope of the reimbursement requirement policy, and longer-term market impacts are not yet clear.

Introduction

APP scams occur where a consumer is deceived into authorising a payment to an account outside their control. These scams have been a significant source of consumer harm in the UK for several years. In 2023, the last full year before the main APP scam policy was introduced, UK consumers lost £460 million to APP scams. In addition to financial loss, APP scams create wider harms among consumers, including distress, anxiety, shame, loss of confidence and reduced trust in others.

This evaluation assesses the impact of two Payment Systems Regulator (PSR) policies to tackle APP fraud.

- **The reimbursement requirement** came into force in October 2024 and requires payment service providers (PSPs) to reimburse eligible APP scam victims. This represented a step-change from the previous voluntary Contingent Reimbursement Model (CRM) Code by making reimbursement mandatory for in-scope PSPs and introducing shared liability between sending and receiving PSPs.
- **The publication of APP fraud performance data**, first published in October 2023, increased transparency over firms' APP fraud and reimbursement outcomes.

Frontier Economics was commissioned by the PSR to test whether these policies changed PSP incentives and behaviour, and whether this affected fraud, consumer outcomes, and PSP and wider markets.

The evaluation follows established theory-based evaluation principles, consistent with HM Treasury's *Magenta Book* guidance. We tested the expected causal pathways through a contribution analysis, triangulating quantitative and qualitative evidence. Evidence was drawn from industry data collected for this evaluation, PSP surveys, stakeholder interviews and existing regulatory and industry datasets.

This approach has several caveats, which shape how the findings should be interpreted.

- The evaluation was conducted between September 2025 and June 2026. It covers the first year after the reimbursement requirement came into force in October 2024, so the findings should be interpreted as evidence of short-term impacts only.
- There is often a delay between an APP scam occurring and the victim making a claim, as victims may not immediately realise that they have been defrauded. The interpretation of

APP scam trends can therefore vary depending on which date is used to allocate scams to reporting periods. We allocate scams by the date they occurred, so our analysis captures scam activity in the period when it happened, rather than when the claim was made or closed. This means our figures are not directly comparable with those reported by other organisations, such as UK Finance, which uses the date the claim was closed.

- The reporting lag also means that the data that we collected in December 2025 did not include all the scams that had occurred in the first year since the policy was introduced in October 2024 as they had not all been reported yet. We cannot make conclusions about impacts on long-term scams as many of these types of scams that occurred since the reimbursement requirement have not yet been reported.
- The analysis draws on datasets that differ in coverage, definitions and reporting basis. We therefore triangulated across sources where possible, but some estimates should be interpreted as the best available evidence rather than precise market-wide measures.
- Some PSPs may have changed behaviour before formal implementation in anticipation of the policies. As the reimbursement requirement policy for FPS was finalised in December 2023, we treat the period between January 2024 and September 2024 as a transition period when analysing trends in APP fraud.¹
- APP fraud is affected by many factors, and the policy affected all firms in the market at the same time. This means that we are unable to quantitatively measure the impact of the policy while controlling for other factors that affect market outcomes. We rely on a triangulation of evidence from different sources to attribute the observed outcomes to the policy, and in some cases are unable to be definitive about the scale of the policy impact.

Key findings

The evidence suggests that the APP scam policies have broadly delivered against their initial objectives over the evaluation period.²

The **reimbursement requirement** strengthened PSP incentives to prevent APP fraud, contributed to a material reduction in APP fraud and improved protection for victims through higher reimbursement. There is limited evidence so far that the policies have changed confidence in Faster Payments. The assessment is qualified by inconsistent outcomes across PSPs, possible displacement into out-of-scope fraud, and uncertain longer-term market effects.

The **publication of APP fraud performance data** increased transparency and helped PSP internal benchmarking. However, there is limited evidence that it directly changed PSP fraud-prevention activity or reimbursement behaviour. It also appears unlikely to have materially affected consumer choice of provider.

¹ PSR (2023). [PS23/4](#).

² PSR (2023). [PS23/2](#).

1. The reimbursement requirement strengthened PSP incentives to prevent APP fraud and contributed to stronger fraud controls.

The reimbursement requirement has strengthened PSP incentives to prevent APP fraud.

- This effect is clearest for inbound APP fraud, where all PSPs faced a new incentive because receiving PSPs became liable for 50% of reimbursable losses.
- For outbound APP fraud, the reimbursement requirement created the largest incremental change for PSPs that had not previously reimbursed customers at high rates. For CRM firms, which already reimbursed many outbound APP scam victims, the policy mainly reinforced existing incentives.

PSPs strengthened both inbound and outbound APP fraud controls over the period since 2023, and PSP interviews and survey responses indicate that the reimbursement requirement was an important driver of these changes.

The reimbursement requirement was not the only driver of PSP action. PSPs also cited wider motivations, including existing strategies to protect consumers, maintain trust and respond to the growing scale and sophistication of scams. By contrast, the publication of APP fraud performance data was not considered by PSPs to be a primary driver of investment. APP fraud performance data was used primarily for internal benchmarking of PSPs' own APP fraud levels against those of other firms.

2. 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 it.

The value of APP scams sent over Faster Payments, measured by the date on which scams happened, was on average around 21% lower per month after the reimbursement requirement was implemented in October 2024 than the average pre-policy level in 2023.³ This is equivalent to a fall in the value of APP scams of £73m per year. This estimate is based on the scams that occurred in the first year since the reimbursement requirement was implemented. We cannot assess the impact of the policy on longer-term APP scams as these have not yet been reported.

The largest reductions were seen among PSPs with the highest pre-policy fraud rates. Together with the evidence above that the reimbursement requirement was a significant driver for investments in fraud prevention, this indicates that the fall in APP scam levels was driven at least partially by the reimbursement requirement: the effect was greatest where the incentives and scope for improvement were the strongest.

³ Our analysis primarily focuses on Faster Payments System (FPS) data and unless otherwise stated should be interpreted as such. FPS is the primary channel by which APP fraud loss takes place. CHAPS payments are also in scope of the reimbursement requirement but have historically been a small share of fraud cases. For example, UK Finance reported almost half a million APP scams across FPS totalling £460.9m in 2025. In contrast, fewer than 200 APP scams were sent across CHAPS, totalling £17.6m. For more on CHAPS, see the Technical Report that accompanies this publication.

Scam transaction volumes also fell since the introduction of the policies, from around 40,000 per month pre-policy in 2023 to around 35,000 per month on average since October 2024. The number of scam transactions increased again in spring and summer 2025, though this was concentrated in lower-value scams.

The reduction in APP scams over Faster Payments needs to be considered in the context of the wider financial fraud landscape. Domestic consumer APP fraud is only a fraction of the £1.3bn of total fraud losses reported in 2025.⁴ Levels of unauthorised fraud and APP fraud not in scope for the reimbursement requirement remain high.

Reconciliation with UK Finance's Annual Fraud Report data

The UK Finance Annual Fraud Report 2026, published on 12 June 2026, shows an increase in APP scam claims in 2025. This is consistent with the findings of this evaluation. UK Finance reports APP scam claims by the date they were closed by PSPs, while this evaluation measures APP scam transactions by the date the scam occurred. UK Finance data therefore reflects the level of APP scam claims **closed** in a period, rather than the level of APP scams that **occurred** in that period which is what this evaluation measures.

This distinction is particularly important for investment scams, where victims may take a long time to realise they have been defrauded and make a claim. As a result, investment scam claims reported in 2025 are likely to reflect scams that occurred before the reimbursement requirement was implemented in October 2024. When the data used in this evaluation is aggregated on a comparable claim-date basis, and investment scams are excluded from the trend comparison, it is consistent with UK Finance fraud reporting.

3. Consumers are better protected because reimbursement has increased and fewer funds have been lost to APP scams, but outcomes remain inconsistent across PSPs.

Following the introduction of the policies, consumers are better protected overall with an estimated consumer net benefit of £73m/year from improved reimbursement and reduced APP fraud.

The proportion by value of APP scam losses reimbursed to consumers by PSPs ('reimbursement rates') increased from 54% before the policy to 65% after implementation. We estimate that the consumer benefit from increased reimbursement amounts to £39m/year. This indicates that the reimbursement requirement improved financial protection for APP scam victims.

Consumer protection when transacting over FPS does not appear to have been meaningfully lessened by the £85,000 maximum cap on reimbursable claims: more than 99% of reimbursable APP scam claims and more than 95% of reimbursable APP scam value is covered under the cap.

⁴ UK Finance (2026). [Annual Fraud Report 2026](#).

However, outcomes for consumers who fall victim to APP scams remain inconsistent because some APP scam losses are not reimbursed. Some losses are not reimbursed because:

- **they fall outside the scope** of the reimbursement requirement. This includes payments to crypto exchanges and payments between two accounts held by the same individual.⁵
- **they are subject to limits and exceptions** allowed under the policy. This includes cases where the consumer is deemed not to have taken sufficient caution (the Consumer Standard of Caution or 'CSOC' exemption), the optional claims excess of up to £100, and the £85,000 cap on mandatory reimbursement.⁶

Outcomes vary materially across PSPs for these reasons. Our analysis suggests reimbursement rates of APP scams after the policy ranged from 21% to 94% between PSPs. Some of this variation is explained by how firms recorded APP scam and reimbursement data, so these figures should be treated as somewhat illustrative. However, this variation also reflects differences in the proportion of out-of-scope APP scams that each PSP's customers fall victim to, differences in how the CSOC and the excess are applied, and whether the PSP chooses to reimburse above the required £85,000 threshold.

In addition to benefits from improved reimbursement, consumers have also benefited from the reduction in APP scams. Of the £73m reduction in annual scam losses observed since the reimbursement requirement was introduced, £34m relates to losses that would not have been reimbursed by PSPs before the policy. This represents a consumer loss that has been avoided due to the reimbursement requirement contributing to a reduction in APP fraud values. The fact that more APP scams have been prevented also means that fewer consumers have suffered non-financial harms such as distress, anxiety, shame and loss of trust.

We have not directly measured whether the reimbursement requirement has increased consumer confidence. However, consumer awareness of the policy appears low (survey evidence shows that 24% of consumers are aware of the policy), which suggests any effect on confidence is likely to be limited at this stage.

4. The policies increased PSP costs, but most firms appear to have been able to absorb the impact so far.

Total reimbursement costs at market level are unchanged since the reimbursement requirement, because lower fraud levels offset higher reimbursement rates. The impacts vary across firms, depending on their individual fraud exposure and reimbursement behaviour.

⁵ Although payments between two accounts held by the same individual can be reimbursable if there is evidence that the consumer was not in control of the account.

⁶ In future, some losses may not be reimbursed by PSPs due to the requirement for the consumer to notify their PSP of the APP scam within 13 months of it occurring. However, because our Industry evaluation data only covers 12 months after the reimbursement requirement was introduced, we cannot comment on the importance of the notification requirement.

PSPs incurred additional non-reimbursement costs from fraud prevention, claims handling, dispute management, reporting and compliance, estimated at £44m to £56m per year. These are estimated annual costs for at least the first several years since policy implementation.

Most PSPs appear to be able to absorb the reimbursement cost impact in the short term, but it is more material for some firms. Longer-term effects on competition, innovation, service quality and access to payment services remain uncertain.

5. Overall, the quantified benefits exceed the quantified costs in the first year after implementation.

The estimated £73m annual reduction in in-scope APP fraud exceeds the estimated £44m to £56m annual increase in PSP costs from fraud prevention, claims handling, administration and reporting. Taken together these imply a positive short-term net benefit of £17m to £29m.

We believe that this is a conservative estimate of the net benefits of the policy. APP fraud is likely to have grown in the absence of the policy due to an increase in online payments and the growth in Artificial Intelligence enabling fraudsters to use increasingly sophisticated tools to trick victims. This means that the true benefits of the PSR's APP scam policies may be greater than estimated in this review, even though we are unable to quantify the extent of this.

There are further benefits and costs that require assumptions to quantify and attribute to the policy. The impact of these factors is less certain, but on balance we believe that the net benefits from the policies remain positive after they are considered. In particular:

- Reductions in APP fraud not yet observed may deliver additional benefits equivalent to £18m per year, if we assume that these changes in unobserved APP fraud will follow the same pattern as the changes in the observed APP fraud. This is a plausible assumption because PSPs are financially incentivised to tackle these APP scams at least as much as other APP scams.
- International APP scams have increased. We cannot estimate what proportion of the increase in these scams has been driven by the reimbursement requirement, but qualitative evidence indicates that fraudsters are adjusting their tactics and shifting APP fraud to out-of-scope channels. If we assumed that this were driven primarily by the reimbursement requirement, the costs of the policies increase by £39m of additional out-of-scope APP fraud losses per year.

The estimated net benefit of the policies after considering these two factors is -£4m to £8m. On balance, we believe that the net benefit after considering these factors is likely to be positive since APP fraud is likely to have increased over time in the absence of the reimbursement requirement.

The qualitative evidence collected for this evaluation indicates that the policies have resulted in several other benefits and costs, though it has not been possible to quantify these due to a lack of robust data. Additional benefits include:

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- increases in APP fraud that have been avoided;
- non-financial consumer harm avoided due to lower APP fraud;
- improvement in non-financial consumer outcomes from increased reimbursement;
- increased consumer confidence in financial services and services of UK PSPs;
- increased investment in anti-fraud technology companies as investors have confidence that there is demand for these products, which in turn benefits innovation; and
- claims management costs avoided by PSPs due to lower APP fraud.

Additional costs include:

- increase in out-of-scope crypto fraud due to displacement caused by the policies;
- consumer harm from increased frictions faced when seeking banking services;
- consumer harm from increased frictions in the payment journey; and
- increase in other stakeholder costs due to additional fraud prevention, investigation, reporting, customer support, dispute resolution and regulatory activity. This includes costs incurred by law enforcement, consumer bodies, anti-fraud organisations, dispute resolution bodies and regulators.

It was not within the remit of our review to assess the effectiveness of the policies compared to other policies that could have been introduced to achieve the same objectives. However, some stakeholders argued that, by placing incentives to tackle APP fraud primarily on PSPs, rather than on the wider fraud ecosystem, including online platforms and telecoms companies where much APP fraud originates, the reimbursement requirement may not target all parts of the ecosystem best placed to reduce overall APP fraud levels.

1 Introduction

Authorised Push Payment (APP) scams have been a material source of consumer harm in the UK. APP scams occur where a consumer is manipulated, deceived or persuaded into authorising a payment to an account outside their control. The scale of harm before the policies were introduced was a key reason for intervention: UK consumers lost £460 million to APP scams in 2023, and victims may also experience distress, anxiety, shame, loss of confidence and reduced trust in others.^{7,8}

From 2023, the Payment Systems Regulator (PSR) introduced two related policies to tackle APP scams: the **reimbursement requirement** and the **publication of APP fraud performance data**.

Before the reimbursement requirement, the main framework for reimbursing APP scam victims was the voluntary Contingent Reimbursement Model (CRM) Code. The Code improved outcomes for many consumers but did not provide consistent redress across the market. In particular:

- Many major banks signed up to the Code and by 2022 it covered around 90% of relevant transactions.⁹
- In 2023, CRM members reimbursed 68% of the money their consumers lost to APP scams, compared to 17% reimbursed by non-CRM PSPs.
- Average APP scam losses were almost four times lower for transactions covered by the Code than for those outside it.^{10,11}

However, because the Code was voluntary, customers of non-signatory PSPs were not protected, and even among signatories, implementation varied considerably.¹²

The PSR's scam policies intended to further improve market outcomes for consumers.

1. **The reimbursement requirement** moved the market from a voluntary reimbursement framework to a mandatory one for eligible APP scam claims over Faster Payments, with similar requirements introduced by the Bank of England for CHAPS. It also introduced shared liability between sending and receiving payment service providers (PSPs), meaning receiving PSPs became financially liable for a share of reimbursable APP scam

⁷ UK Finance (2024). [Annual Fraud Report 2024](#).

⁸ PSR (2021). [CP21/10](#).

⁹ HMT (2022). [Government approach to authorised push payment scam reimbursement](#).

¹⁰ PSR (2024). [Authorised push payment \(APP\) scams performance report](#). This figure excludes TSB, which offered a fraud refund guarantee. Including TSB, the reimbursement rate for non-signatories to the CRM was 48%.

¹¹ UK Finance (2024). [Annual Fraud Report 2024](#). LSB (2025), [Mind the Gap: The Legacy & Impact of the Lending Standards Board](#).

¹² PSR (2023) [PS23/3](#) (p12). PSR (2023). [Authorised push payment \(APP\) fraud performance report](#) (p5).

losses. This was a material change in incentives across the payment chain, bringing APP scam reimbursement more in line with reimbursement obligations already embedded in the UK for unauthorised payments.

2. **The publication of APP fraud performance data** increased transparency by publishing information on firms' APP fraud and reimbursement outcomes for the fourteen largest UK banking groups, alongside data on levels of APP fraud received by the smaller firms, focusing on the firms that had the highest levels in the market. The policy was intended to improve accountability and support stronger incentives for firms to reduce APP fraud and improve reimbursement outcomes.

The policies were expected to deliver four outcomes: reduce APP fraud, improve protection for victims, create effective incentives for payment firms, and increase confidence in Faster Payments.¹³ This evaluation assesses whether the policies have had these intended effects over the first year since the implementation.

Frontier Economics was commissioned by the PSR to conduct an independent evaluation of these policies. The evaluation assesses what has changed since the policies were introduced, the scale of those changes, and the extent to which they can be attributed to the APP scam policies. It also considers whether the benefits achieved so far have outweighed the costs and any negative impacts.

The evaluation focuses primarily on the reimbursement requirement, as this represented the main change to PSPs' financial incentives and obligations. The publication of APP fraud performance data is also considered, particularly in relation to transparency, reputational incentives and firm behaviour.

The main features of the reimbursement requirement are as follows.¹⁴

- **Liability sharing:** the liability for this reimbursement is shared equally between the sending and receiving PSPs involved in the transaction.
- **Time limit for reimbursement:** subject to some exceptions, the sending PSP must reimburse consumers within five business days.
- **Consumer standard of caution (CSOC):** reimbursement is not required where the consumer has not acted with enough caution.
- **Optional claims excess:** sending PSPs have the option to apply a claims excess of up to £100.

¹³ PSR (2023). [PS23/2](#).

¹⁴ PSR (2023). [PS23/4](#).

- **Maximum reimbursement limit:** the PSR has set the reimbursement limit at £85,000 per claim.
- **Vulnerable consumers:** the consumer standard of caution and claim excess cannot be applied to vulnerable consumers, where this vulnerability had a material impact on their ability to protect themselves from the scam.^{15,16}
- **Scope:** the requirement applies to APP fraud payments executed by individuals, microenterprises and charities.¹⁷ The requirement applies to all PSPs participating in FPS and CHAPS that provide relevant accounts, including both direct participants and indirect participants that access Faster Payments and/or CHAPS through a sponsor. The requirement also applies to multi-step frauds.¹⁸ However, the requirement does not apply to civil disputes, payments which take place across systems other than FPS and CHAPS, international payments or payments made for unlawful purposes. Payments made to crypto exchanges and “me to me” payments are also out of scope for the requirement.¹⁹

Consistent with the scope and requirements of the evaluation as commissioned by the PSR, this evaluation does not make specific policy recommendations. Instead, it provides an independent evidence base to inform future policy decisions.

The evaluation assesses whether the APP scam policies have achieved their intended effects in the short term. It considers five main questions:

- **Theme 1: PSP actions.** Have PSPs taken more action to tackle APP fraud?
- **Theme 2: Impacts on fraud.** Has the level of APP and other fraud changed, and can this change be attributed to the policies?
- **Theme 3: Consumer welfare.** Have consumer outcomes improved?
- **Theme 4: Impacts on the PSP and wider markets.** Have the policies led to costs, frictions or unintended consequences for PSPs, consumers or wider markets?

¹⁵ PSR (2023) [Specific Requirement 1: Faster Payments APP Scam Reimbursement Rules. The Consumer Standard of Caution Exception](#); PSR (2024) [Information on consumer communications for payment service providers \(PSPs\)](#); PSR (2026) [Policy clarifications](#).

¹⁶ As set out in [PS25/5](#) (PSR, 2025) a vulnerable consumer is “someone who, due to their personal circumstances, is especially susceptible to harm – particularly when a firm is not acting with appropriate levels of care.”

¹⁷ PSR (2025). [PS25/5](#).

¹⁸ As set out in [CP22/4](#) (PSR, 2023), “some APP fraud cases involve more than one payment. For example, the fraudster may ‘socially engineer’ a victim to transfer money from their bank account to an account they hold at a different PSP. The fraudster then manipulates the victim to transfer the money from that account to one outside the victim’s control... This document refers to them as multi-step fraud cases.”

¹⁹ Me to me payments are in scope if the evidence shows that the consumer was not in control of the beneficiary account.

- **Overall assessment.** Do the benefits outweigh the costs of the policy, and have the policies been effective in achieving their intended outcomes so far?

The rest of the report is structured around these questions. The next chapter sets out our evaluation approach and the underlying theory of change, explaining the mechanisms through which the policies were expected to affect PSP behaviour, fraud outcomes, consumer welfare and wider market outcomes. Subsequent chapters then test those mechanisms using the quantitative and qualitative evidence collected for the evaluation. The final chapter provides our overall assessment.

This report provides a summary of the key findings from this evaluation. Further detail on the policy background, theory of change and methodology and the full supporting evidence base is provided in the accompanying Technical Report.

2 Theory of change and evaluation approach

The evaluation adopts a theory-based approach to assess whether the APP scams policies have worked as intended. We developed a theory of change that sets out how the reimbursement requirement, and the publication of APP fraud performance data were expected to affect PSP behaviour, fraud outcomes, consumer welfare and wider markets. We use contribution analysis, supported by mixed methods analysis of quantitative and qualitative data, to test whether those pathways to impact are supported by the evidence.

We consider alternative explanations and assess how far observed changes can reasonably be attributed to the policies.

This theory-based approach is consistent with HM Treasury's *Magenta Book* guidance for evaluations, where interventions operate in a complex environment, with multiple intended objectives and drivers of outcomes and impacts which limits the ability to deploy an experimental or quasi-experimental counterfactual.²⁰

2.1 Theory of change

A theory of change provides a structured way to identify how a policy is expected to lead to change, the outcomes and impacts that may result, and the assumptions that need to hold for those impacts to materialise. In this evaluation, it provides the basis for identifying the key evaluation questions, and relevant indicators and evidence needed to assess whether the APP scam policies are working as intended.

The theory of change built on the causal chains developed by the PSR when considering the policies, and was refined through engagement with industry, regulatory and consumer stakeholders.²¹ This engagement helped to gather practical insights on how the policies may operate in practice, the changes they may bring about, and the groups that may be affected. The process was led independently by Frontier, using the stakeholder input to inform and refine the theory of change.

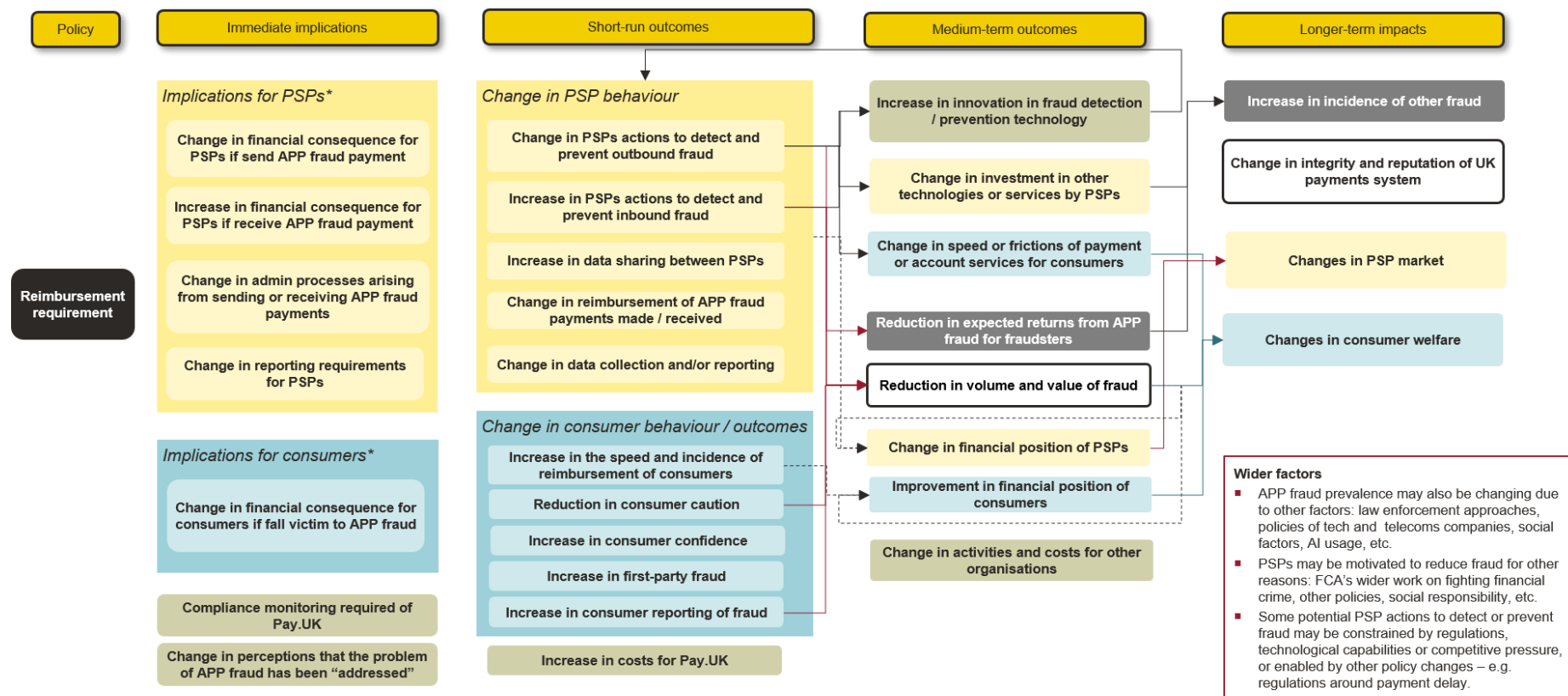
The logic models that visually summarise the theory of change for the reimbursement requirement and the publication of APP fraud performance data are provided in Figure 1 and Figure 2. We summarise the key causal chains below, before the remainder of this chapter summarises the evaluation approach used to test them.

Full detail on the theory of change is set out in Section 3 of the Technical Report.

²⁰ HM Treasury (2026). [Magenta Book: Central Government guidance on evaluation](#)

²¹ We built on the cost benefit analysis carried out by the PSR in [PS23/1](#) and [PS23/3](#).

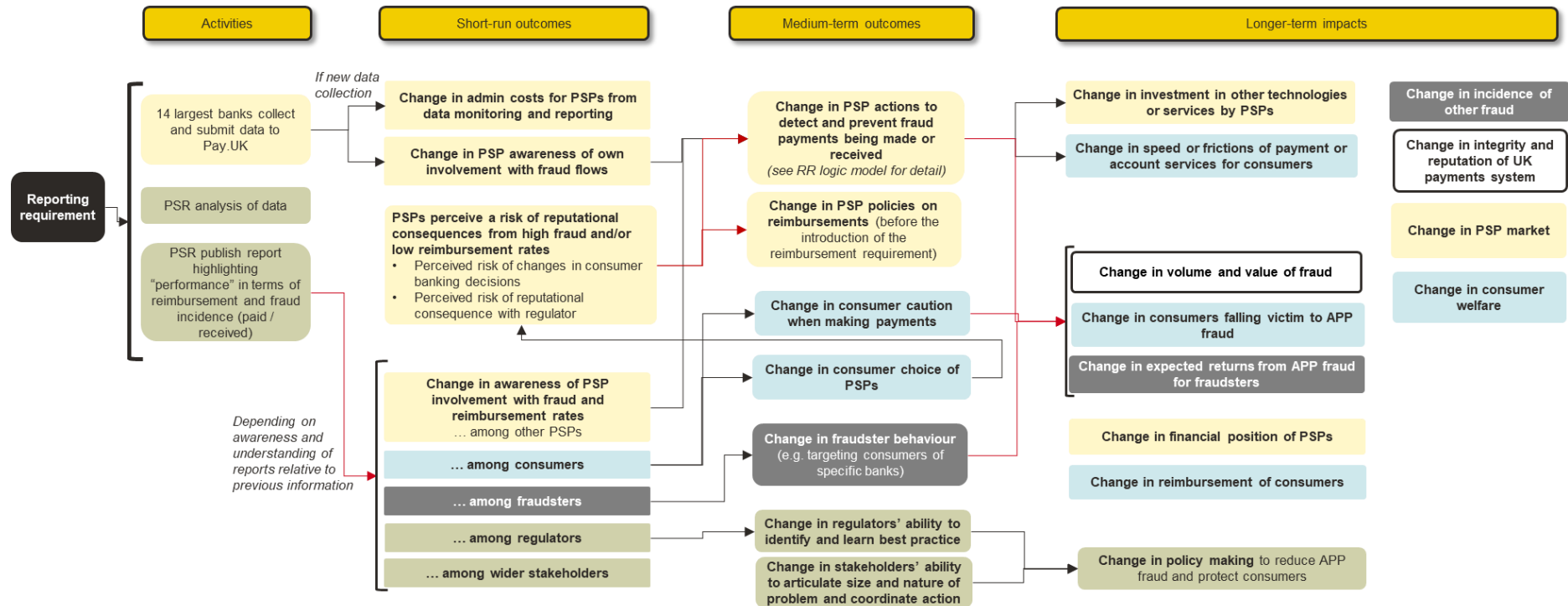
Figure 1 Theory of change: Introduction of the reimbursement requirement



*Implications will vary across PSPs and consumers depending on behaviour before the introduction of the reimbursement requirement

Source: Frontier Economics

Figure 2 Theory of change: Publication of APP fraud performance data



Source: Frontier Economics

2.1.1 Key causal chains

The key causal chains can be summarised as follows:

- The reimbursement requirement was expected to change PSP incentives, leading PSPs to strengthen their fraud controls and increase coordination between them. These should reduce in-scope APP fraud, improve consumer outcomes, change PSPs' costs and affect wider markets, such as the market for fraud prevention technology.
- The publication of APP fraud performance data was expected to operate through a different mechanism. By publishing comparable information on fraud and reimbursement outcomes, the policy was expected to increase transparency and create reputational and regulatory incentives for PSPs to improve fraud prevention and reimbursement outcomes.
- The policies could also create potential unintended consequences. Greater consumer awareness of reimbursement could affect payment behaviour and claims activity, while stronger PSP controls could lead fraudsters to adapt their tactics or shift activity towards out-of-scope fraud types and payment routes.

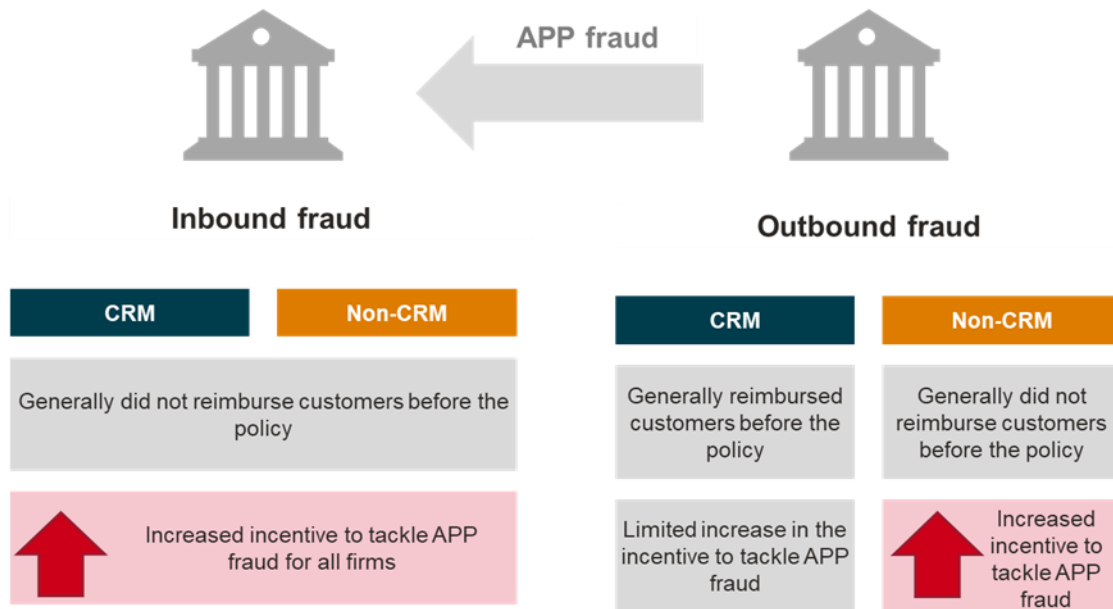
These causal chains can be expressed as four core hypotheses, which link to the four evaluation themes:

- **Theme 1: PSP actions.** The reimbursement requirement, and to a lesser extent the publication of performance data, changed PSP incentives and drove greater fraud-prevention activity.
- **Theme 2: Impacts on fraud.** PSP fraud prevention activity led to a reduction in APP fraud, although this may have been partially offset by changes to consumer or fraudster behaviour.
- **Theme 3: Consumer welfare.** Consumers are better protected because reimbursement increased and in-scope APP fraud fell, but outcomes may not be uniform across PSPs and stronger controls may have increased payment friction for some consumers and businesses.
- **Theme 4: Impacts on the PSPs and wider markets.** The policies increased PSP costs and may have affected PSP financial resilience, demand for anti-fraud technology and wider market outcomes, including competition, innovation, service quality and use of Faster Payments and Open Banking.

The key mechanism in the theory of change is the change in PSP incentives. As shown in Figure 3, the reimbursement requirement changed the financial consequences of APP fraud, but not in the same way for all firms or all types of fraud. For inbound fraud, both CRM and non-CRM firms generally did not reimburse customers before the policy. Under the

reimbursement requirement, receiving PSPs became liable for 50% of reimbursable APP scam losses, increasing the incentive for all firms to tackle inbound fraud.²²

Figure 3 Change in incentives from the reimbursement requirement



Source: Frontier Economics

For outbound fraud, the change in incentives differed between CRM and non-CRM firms. CRM firms already tended to reimburse customers before the reimbursement requirement was introduced, so the policy did not create the same step-change in incentives to prevent outbound fraud. Non-CRM firms generally did not reimburse customers before the policy, so the reimbursement requirement created a much stronger new financial incentive for these firms to prevent outbound fraud.

In light of these different changes in incentives across firms and types of fraud, the evaluation distinguishes between inbound and outbound fraud, and between CRM and non-CRM firms.

2.2 Methodology

We implement the contribution analysis to test whether the expected pathways identified in the theory of change are occurring, whether observed changes are consistent with the incentive effects of the policies, and whether alternative explanations could plausibly account

²² Prior to the reimbursement requirement, TSB offered a fraud refund guarantee and their reimbursement rate in the PSR's 2024 APP Fraud Performance report was estimated at 80%, the second highest in the market. TSB is therefore treated as a CRM firm throughout this analysis despite not being a signatory to the code. The change in incentives for TSB is aligned to those of CRM firms.

for the same outcomes. Full detail on our approach and evidence used in this evaluation is set out in Section 4 of the Technical Report.

We draw on quantitative and qualitative evidence to test the theory of change pathways. This mixed evidence base allows us to both assess measurable changes in outcomes and explore the behavioural and operational mechanisms behind them. The main data sources are:

- **Industry evaluation data:** a mandatory data request to 23 PSPs, including monthly APP scam payments, claims activity, reimbursement outcomes, repatriation, consumer caution indicators and PSP actions. The request captured data on FPS only and covered 95% of the UK payments market by FPS payment volume and value.
- **Voluntary PSP survey:** 15 responses from PSPs and other industry participants, providing evidence on PSP actions, payment frictions, costs, longer-term implications and views on effectiveness.
- **Stakeholder interviews:** 25 semi-structured interviews with PSPs (covering 77% of the market by FPS volume), industry bodies, consumer groups, fraud technology providers and other stakeholders involved in fraud prevention, enforcement or claims management.
- **Existing industry and regulatory data sources:** Standard A reporting data, PSR consumer survey data, UK Finance fraud reporting data, FCA-PSR Joint Survey data of 50 firms, APP fraud performance data, FOS complaints data, Extended Industry Sort Code Directory (EISCD) and other market indicators.
- **Working Group and Advisory Group input:** used to test the methodology, emerging findings and interpretation of the evidence.²³

Throughout this evaluation, we analyse impacts for different types of PSPs by segmenting them into four groups.^{24,25}

- **Large CRM PSPs (6 firms):** CRM signatories that have FPS volumes of more than 5% of the total market FPS volume.
- **Medium to small CRM PSPs (5 firms):** CRM signatories with FPS volumes of less than 5% of the market.
- **Medium to large non-CRM PSPs (5 firms):** non-CRM signatories with FPS volumes or values above 0.5% of the market.
- **Small non-CRM PSPs (7 firms):** non-CRM signatories with FPS volumes and values below 0.5% of the market.

²³ The Working Group consisted of representatives from the PSR, the Financial Conduct Authority, the Bank of England (as the operator of CHAPS), HM Treasury and the Home Office. The Advisory Group consisted of representatives from UK Finance, The Payments Association, Innovate Finance and Which? in addition to the Working Group members.

²⁴ Prior to the reimbursement requirement, TSB offered a fraud refund guarantee and their reimbursement rate in the PSR's 2024 APP Fraud Performance report was estimated at 80%, the second highest in the market. TSB is therefore treated as a CRM firm throughout this analysis despite not being a signatory to the code.

²⁵ We also analysed impacts by type of firm by distinguishing between banks and non-banks. There were no consistent trends in the results within these groups, so these results are not reported.

We distinguish between CRM and non-CRM PSPs because the reimbursement requirement changed incentives differently for these groups of firms. However, we recognise that there are many other differences between firms, both within and between these two groups.

Definition of APP fraud

APP fraud can be defined in different ways. For the purposes of the analysis in this report, where we use the term “APP fraud” or “APP scams”, we mean FPS APP scam payments aligned with Specific Direction 20 (SD20): an Authorised Push Payment, authorised by a victim as part of an APP scam, that has all the following features.^{26, 27}

- It is executed through the Faster Payments Scheme.
- It is authorised by a PSP’s consumer.
- It is executed by that PSP in the UK.
- The payment is received in a relevant account in the UK that is not controlled by the consumer.
- The payment is not to the recipient the consumer intended or is not for the purpose the consumer intended.

Limitations

The findings should be interpreted considering five main caveats.

- **Short-term nature of the evaluation.** The evaluation was conducted between September 2025 and June 2026. It covers the first year after the reimbursement requirement came into force in October 2024, so the findings should be interpreted as evidence of short-term impacts rather than a view on longer-term effects.
- **Measuring APP scams as they happen.** There is often a delay between an APP scam occurring and the victim making a claim, as victims may not immediately realise that they have been defrauded. This is particularly true for investment scams and romance scams. Evidence suggests that the average time it takes to report an investment scam may be as high as 18 months.²⁸

To assess the impact of the policy on APP scams as they occurred, our analysis of APP scam levels uses the date of the scam transaction rather than the date on which the consumer claim was made or closed. This differs from the approach typically used by

²⁶ PSR (2024). [Specific Direction 20](#).

²⁷ In the Technical Report, we consider CHAPS APP scam payments further. CHAPS APP scam payments are defined under [Specific Direction 21](#) and the Bank of England’s CHAPS reimbursement rules. The definition is broadly aligned with the FPS APP scam definition under SD20, with the key difference that the payment must be settled through CHAPS rather than executed through Faster Payments.

²⁸ Refundee (2026). Based on 594 investment fraud cases represented by Refundee. Refundee data submitted to Frontier as part of this evaluation. A public version of this data is available on Refundee Blog: [13-month Reporting Limitation in the New MRR Regulation](#).

other organisations when reporting APP scam data, such as UK Finance. UK Finance reports APP scam data by the date the scam claim was closed by the PSP facing the claim.

As a result, APP scam levels in our analysis should be interpreted as the value of scams that occurred in that month or year. By contrast, APP scam levels reported by UK Finance should be interpreted as the value of claims closed in that month or year, which may relate to scams that occurred much earlier. The two metrics are therefore expected to differ, as they capture fundamentally different measures.

- **Accounting for reporting lags.** Because of the lag between scams occurring and being reported, data collected in December 2025 did not include all scams that had occurred in the first year since the policy was introduced in October 2024 as they had not been reported yet. To ensure that the trends in APP scam levels are assessed using comparable data, we analyse the policy impact only on scams that are reported in the first few months since occurring.²⁹ This captures the majority of scams but is less likely to include scam types that take longer to detect. We cannot make conclusions about impacts on long-term scams as many of these types of scams that occurred since the reimbursement requirement have not yet been reported.
- **Data limitations.** The analysis draws on datasets that differ in coverage, definitions and reporting basis, and differences within datasets in how firms responded. We coordinated definitions and triangulated across sources where possible, but some estimates should be interpreted as the best available evidence rather than precise market-wide measures.
- **Accounting for anticipatory effects.** Some PSPs may have changed behaviour before formal implementation in anticipation of the policies. The industry evaluation data covers the period from April 2023 to September 2025, 18 months before the reimbursement requirement was implemented and 12 months after the reimbursement requirement was implemented in October 2024 to allow us to account for anticipatory effects.

The final policy statement for the reimbursement requirement was published in December 2023.³⁰ We therefore treat the period between January 2024 and September 2024 as a transition period when firms may have been acting in anticipation of the reimbursement requirement being implemented. To examine fraud trends, we make comparisons with the period April 2023 to December 2023 as the 'pre-policy' period, before anticipatory effects. The findings are not materially affected if a different pre-policy period is assumed. The length of the transition period is further discussed in Section 6.1 of the Technical Report.

²⁹ The analysis of the value of APP scams is limited to the APP scams reported within the first 6 months since occurring and the analysis of the volume of APP scams is limited to the APP scams reported within the first 3 months since occurring. This captures 80% of the reported fraud value and 84% of the reported fraud volume for the period April 2023 to December 2023.

³⁰ PSR (2023). [PS23/4](#).

- **Attributing impacts to the policies:** Fraud is affected by many factors, and the policy affected all firms in the market at the same time. This means that we are unable to quantitatively measure the impact of the policy while controlling for other factors that affect market outcomes. We rely on a triangulation of evidence from different sources to attribute the observed outcomes to the policy but cannot be definitive about the scale of the policy impact, particularly on wider outcomes such as other forms of fraud or given uncertainty about how APP fraud would have evolved over time in the absence of the policies. This is as expected in the context of theory-based evaluation.³¹

Overall assessment of effectiveness

The overall assessment of effectiveness brings together the four evaluation hypotheses, set out in Section 2.1. We assess whether the policies achieved their intended outcomes, whether the benefits outweighed the costs and negative impacts, and what uncertainties remain, particularly around longer-term market impacts.

³¹ Confirmation of Payee (CoP) is one specific factor that may have affected APP scam levels during the period we analysed. CoP was expanded in October 2023 and October 2024, meaning that its impact may not be fully reflected in our pre-policy period of April 2023 to December 2023. However, CoP had already been introduced by the largest banking groups from 2020, covering around 90% of FPS and CHAPS transactions. This suggests that much of CoP's effect on reducing APP scams is likely to have already taken place before our pre-policy period, although later expansions may still have had some additional impact.

3 Impacts on PSP actions to tackle APP fraud

This section addresses **Theme 1: whether PSPs have taken action to tackle APP fraud, and how far those actions can be attributed to the APP scam policies.**

We find that PSPs have strengthened their APP fraud detection and prevention activity since April 2023.³² These actions have been taken across the fraud chain, including outbound fraud, inbound fraud and the onward movement of fraudulent funds.

The evidence suggests that PSP actions since April 2023 were driven by the reimbursement requirement to a significant extent. The effect appears strongest where the policy created the largest change in liability, particularly for non-CRM firms and for inbound fraud controls across firms. However, the reimbursement requirement was not the only driver of PSP action. Firms were also responding to wider customer, commercial and fraud-risk pressures.

By contrast, the publication of APP fraud performance data does not appear to have driven any specific PSP actions. APP fraud performance data was used primarily for internal benchmarking of PSPs' own APP fraud levels against those of other firms.

This section considers three questions:

- what action PSPs have taken to strengthen APP fraud controls;
- whether those were driven by the APP scam policies; and
- what other factors also shaped PSP behaviour.

Further detail and supporting evidence can be found in Section 5 of the Technical Report.

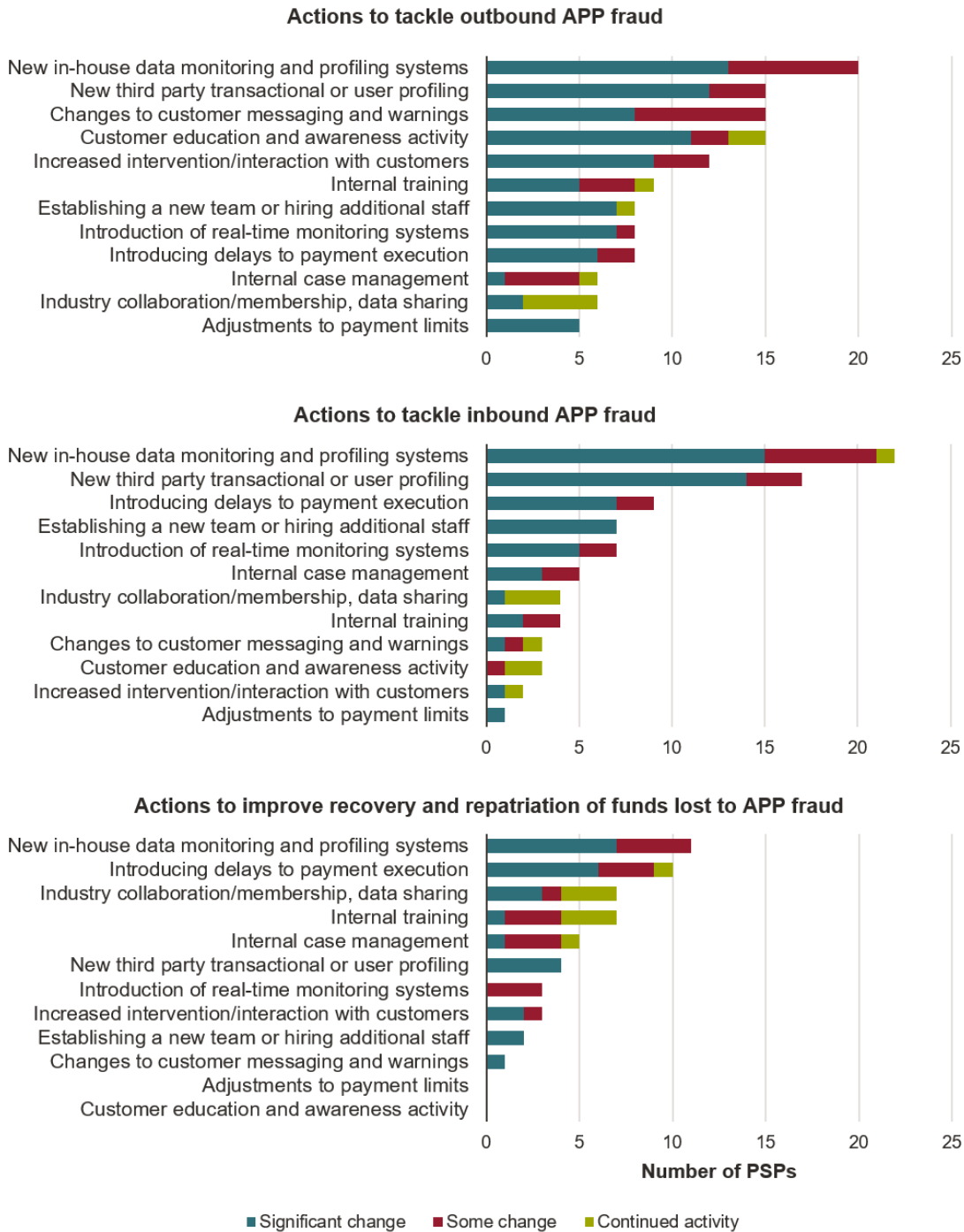
3.1 PSPs have strengthened APP fraud controls since 2023

Since 2023, PSPs have materially strengthened their APP fraud detection and prevention activity across the payment chain. This includes action to prevent customers sending money to fraudsters, to stop accounts being used to receive fraudulent funds, and to limit the onward movement of funds once fraud has occurred. Some actions were incremental improvements to existing fraud controls, but many firms also reported significant new activity, including new controls, enhanced analytics, greater use of external providers and more targeted interventions.

This assessment draws on the industry evaluation data request, the voluntary PSP survey and stakeholder interviews, which together show the breadth of actions PSPs reported across the fraud chain.

³² The data collected for this evaluation starts in April 2023 which is 18 months before the reimbursement requirement was implemented to account for anticipatory effects.

Figure 4 Number of PSPs that have taken each type of action since April 2023



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

Note: PSP free-text submissions on the types of activity undertaken since 2023 have been classified into types of activities and the scale of activity by Frontier. These subjective classifications should be viewed as illustrative. The data is based on answers provided by 23 PSPs.

Figure 4 above summarises reported activity across outbound APP fraud, inbound APP fraud and onward transfer of APP fraud controls. Across both outbound and inbound APP fraud, the most reported actions were increases in in-house monitoring and profiling, and greater use of

third-party tools. Actions to prevent the onward transfer of funds were reported less often than outbound or inbound controls.

PSPs strengthened controls to prevent outbound APP fraud

On the outbound side, PSPs have focused most heavily on strengthening APP fraud detection and customer-facing interventions. Most firms reported improvements to monitoring and analytics, including stronger in-house data monitoring, customer risk profiling and more sophisticated transaction monitoring.

Many firms also introduced more targeted customer warnings, customer education, third-party tools, specialist fraud teams and tighter payment controls. These changes were intended to identify higher-risk payments earlier and intervene before the payment was completed. In some cases, PSPs described moving away from simple value-based thresholds towards more targeted, analytics-led interventions by APP scam type, transaction value and customer risk.

PSP interviewees also emphasised the role of direct customer engagement in higher-risk cases. Specialist teams often had to engage with customers directly to interrupt the APP scam and help them reassess the transaction, or “breaking the spell”.

PSPs have taken action to prevent inbound APP fraud

On the inbound side, PSP activity was more concentrated in a smaller number of areas. The most reported actions related to new in-house data monitoring and profiling systems and new third-party transactional or user profiling.

These actions were mainly aimed at identifying mule activity and preventing accounts from being used to receive fraudulent funds. PSPs reported strengthening inbound transaction monitoring, using external providers to identify mule networks or account risk, and improving controls earlier in the customer lifecycle. Some firms also reported increased activity relating to real-time monitoring, payment delays, internal case management, additional staff or specialist teams, and industry collaboration or data sharing.

PSPs took some steps to prevent onward transfers and recover funds

PSPs also reported measures to prevent suspected fraudulent funds being moved on, although these were less frequently reported than outbound or inbound controls. These included enhanced transaction monitoring, payment delays, greater industry collaboration, tracing linked accounts and freezing suspicious funds or accounts, including where firms suspected second-generation mule activity.

Data on the recovery of funds lost to APP scams is only available after the reimbursement requirement was implemented, so we cannot assess whether the policy increased recovery rates. Recovery of funds is limited after the implementation of the reimbursement requirement: sending PSPs recovered 16% of reimbursable APP scam claim value and recovered some or

all funds in 28% of claims. Larger sending PSPs tend to be able to recover more lost funds than smaller ones.

Coordination between PSPs has improved in some areas, but constraints remain

In addition to influencing firms' individual actions to tackle APP fraud, the introduction of the reimbursement requirement was expected to improve coordination between PSPs and lead to more effective real-time data sharing.

The evidence on changes in such coordination over the past two years is mixed. Some stakeholders reported greater collaboration between PSPs on fraud prevention and linked this partly to the reimbursement requirement and the operational processes introduced alongside it. This included more structured and timely case-by-case coordination, smaller PSPs becoming more engaged in wider fraud prevention efforts and best-practice sharing and informal support across PSPs.

Collaboration, however, is not always consistent. Some stakeholders suggested that larger PSPs may be less willing to engage on investigating lower-value cases that smaller receiving PSPs would prefer to investigate further before reimbursing. Stakeholders also highlighted continuing challenges in real-time data sharing across PSPs, which limited the effectiveness of coordination to tackle APP fraud.

PSPs identified three main constraints on more effective cross-firm data sharing.

- **Network effects:** The value of data sharing only materialises once participation becomes widespread.
- **Cost asymmetries:** Smaller PSPs may face higher implementation costs relative to expected benefits. While improved data sharing was widely seen as beneficial, some respondents questioned the marginal benefit for smaller firms.
- **Coordination challenges:** Efforts to mandate data sharing have stalled, leaving no clear coordination mechanism.

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

Evidence indicates that PSP actions taken since April 2023 were driven to a significant extent by the reimbursement requirement. More significant actions were taken where the policy created the largest change in liability, that is among non-CRM firms and for inbound fraud controls across firms. We examined this using industry evaluation data and the voluntary survey, and through stakeholder interviews where we explored PSP motivations directly.

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

Non-CRM firms were more likely than CRM firms to describe a step-change in activity. CRM firms more often described refinements to existing fraud controls, while non-CRM firms more

often described new investment, new capabilities or more substantial changes to internal processes.

There are plausible explanations other than the reimbursement requirement for why non-CRM firms reported more significant changes. Some non-CRM firms may have had less mature fraud-control capabilities before the policy, meaning observed changes partly reflect catch-up investment rather than the reimbursement requirement alone. Wider regulatory scrutiny and financial-crime expectations may also have contributed to some actions, particularly around onboarding and mule controls.

Interview evidence, however, suggests that the reimbursement requirement contributed materially to the step-change in activity among non-CRM firms. Non-CRM firms were more likely to describe explicit commercial decisions based on projected reimbursement exposure, revised risk appetite and the potential effect of APP fraud losses on profitability or growth.

For example, one non-CRM firm told us that the reimbursement requirement created a material new financial exposure. The firm said this triggered a CEO-led review of its APP fraud controls and described the reimbursement requirement as *“the main driver behind the investment”*. The resulting programme included new machine-learning models and rules, hold-and-release functionality for higher-risk payments, enhanced inbound monitoring, clearer Confirmation of Payee messaging, more proactive warning screens and wider customer education. The firm reported that actual losses were around 50% lower than forecast, despite significant growth in payment volumes.

Other quotes from non-CRM firm interviews indicate that the actions were driven in large part by the reimbursement requirement: *“the entire industry is probably more responsive... because we have to pay people out”*, and *“the key element that it comes back to is the financial loss that could sit there.”*

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

For PSPs reimbursing victims before the reimbursement requirement, the policy reinforced and accelerated existing incentives rather than creating an entirely new rationale for investment. Many of these PSPs emphasised that the financial incentives to prevent fraud already existed prior to the PSR’s intervention. They described their fraud prevention activity as part of a broader ongoing strategy, rather than a direct reaction to the policy change.

This does not mean that the policy had no effect on CRM firms’ behaviour. CRM firms reported that the reimbursement requirement strengthened the internal business case and helped accelerate delivery. One CRM firm said the policy had *“helped us support, accelerate some enhancements”* and had influenced *“priorities and spend”*, although it had not *“fundamentally led us down a different path”*.

The effect appears clearest for inbound controls, where liability increased. One CRM firm told us that without the policy they “*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*”.

3.3 The reimbursement requirement was not the only driver of PSP action

The evidence suggests that the reimbursement requirement was an important driver of PSP action, but not the only one. PSPs’ decisions were also shaped by wider customer, commercial and fraud-risk considerations. By contrast, the publication of APP fraud performance data appears to have played a more limited role. This assessment draws on stakeholder interviews and current account switching (CASS) data.

Wider customer, commercial and fraud-risk drivers also mattered to PSP actions

Firms report several other important motivations for actions to tackle APP fraud.

- **Protecting consumers:** Many PSPs, across different firm types, emphasised that protecting consumers was a key driver.
- **Maintaining customer trust and loyalty:** Some PSPs argued that investment by smaller and specialist PSPs was driven by the need to maintain customer trust and loyalty.
- **Responding to the increasing sophistication of fraud:** Several firms also noted the increasing sophistication of scammers as a driver of recent actions.
- **Reducing operational costs:** Several PSPs described an indirect incentive to reduce fraud to reduce the operational costs associated with APP scam claims reimbursement.

The performance data policy does not appear to be a primary driver of PSP actions

PSPs did not generally identify APP fraud performance data as a primary driver of APP fraud prevention actions. Most stakeholders needed prompting to discuss it and, when prompted, described it mainly as an internal benchmarking tool used to assess performance against peers, inform senior discussions and support business cases.

For a few smaller PSPs, performance data may have created some additional reputational or regulatory pressure. Some firms said poor performance could attract supervisory attention or negative media coverage, which may have reinforced incentives to improve fraud controls.

There is limited evidence that performance data influenced consumer choice. PSPs and consumer groups generally did not expect published data to affect switching behaviour, and our analysis of CASS data found no clear evidence that PSPs identified as low performers experienced higher customer losses after publication.

However, published rankings may still have exerted indirect pressure through media and consumer advocacy channels. Which? publishes annual commentary on APP fraud performance rankings and told us that these articles have significantly outperformed

benchmarks for similar content.³³ This suggests that performance data may have helped shape public scrutiny of PSPs, even if there is limited evidence that it directly affected consumer switching behaviour. Organisations such as Which?, with super-complaint powers and wide consumer reach, may also amplify reputational pressure on poor performers and strengthen wider incentives for firms to improve APP fraud controls.

Overall, fraud performance data appears to have supported benchmarking, reputational awareness and senior-level discussion, but had limited direct effect on most PSPs' fraud prevention activity.

³³ For example, see: Which? (2023). [Fraud victim reimbursement rankings revealed - how did your bank fare?](#); Which? (2026). [Nationwide refunded 85% of fraud losses - how does your bank compare?](#)

4 Impacts on fraud

This section assesses **Theme 2: changes to APP and other types of fraud and the extent to which these changes can be attributed to the APP scam policies.**

We find that the value of APP scams sent over Faster Payments was around 21% lower, equivalent to £73m per year, since the implementation of the reimbursement requirement in October 2024 compared with the average pre-policy level in 2023.

The largest reductions were seen among PSPs with the highest pre-policy fraud rates. Together with the evidence in Theme 1 that the reimbursement requirement was a significant driver for investments in fraud prevention, this indicates that the fall in the value of APP scams was driven at least partially by the reimbursement requirement: the effect was greatest where the incentives and scope for improvement were the strongest.

Scam transaction volumes also fell around implementation, from around 40,000 per month pre-policy in 2023 to around 35,000 per month on average since October 2024. The number of scam transactions increased again in spring and summer 2025, but this was concentrated in lower-value scams.

The impact on total fraud is less certain, however. International APP scam losses, which are outside the scope of the reimbursement requirement, increased by £39m between 2023 and 2025.³⁴ APP scams to crypto exchanges also increased, although this effect is largely included in our overall estimate of changes in APP scams.

This section considers three questions:

- how levels of APP fraud have changed since the policy was finalised and implemented;
- whether the reduction appears to be driven by the reimbursement requirement changing PSP incentives and behaviour; and
- whether the reduction may have been affected by changes in consumer behaviour or offset by displacement to out-of-scope fraud.

Further detail and supporting evidence can be found in Section 6 of the Technical Report.

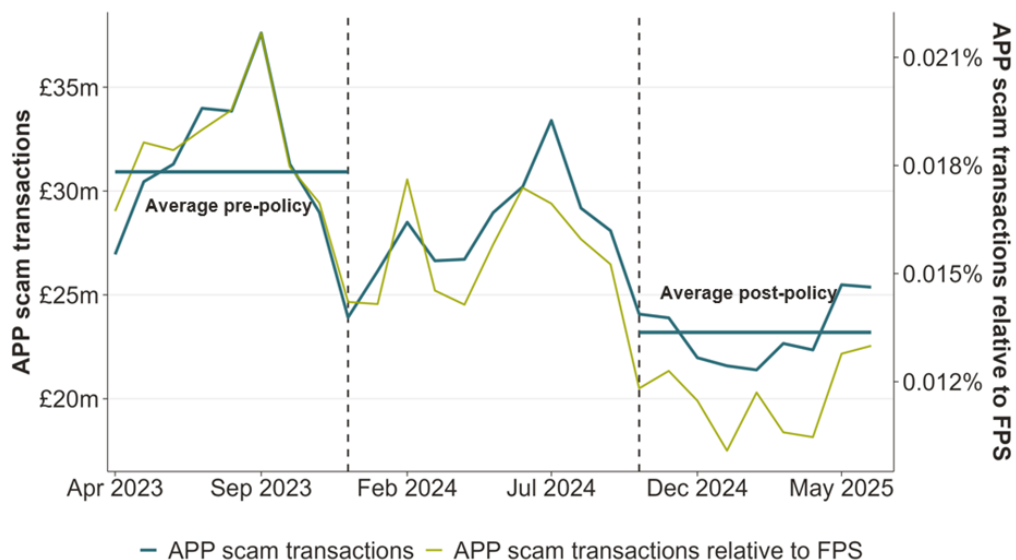
4.1 The value of APP fraud has fallen since the policy was implemented

As shown in Figure 5 below, the average monthly value of APP scams sent over Faster Payments, measured by the date when the scam happened, was lower after implementation

³⁴ UK Finance (2026). [Annual Fraud Report 2026](#). We estimate the international APP fraud that relates to personal accounts by assuming that the proportion of international APP fraud from personal accounts is the same as the proportion of total APP fraud from personal accounts.

of the reimbursement requirement than in the pre-policy period.^{35,36} We estimate that the monthly value is on average around 21% lower, equivalent to £73m per year. This estimate uses a linear regression model to account for the fact that the value of APP scam losses shows a strong seasonal trend, peaking in the summer of every year that we have data for.³⁷

Figure 5 Value of comparable FPS APP scams by scam transaction date



Source: Frontier analysis of industry evaluation data

Note: Data from 19 PSPs which together account for 95% of FPS transaction volumes and values scaled to market-level using market shares. We only include scams reported within six months of the transaction taking place, which allows a like-for-like comparison over time.

Focusing on the change in APP fraud since 2023 implicitly assumes that APP fraud would have remained constant in the absence of the reimbursement requirement. In practice there are reasons to think APP fraud may have increased over time, including the growth in online payments, and the increasing availability of Artificial Intelligence-enabled tools that allow fraudsters to target victims in increasingly sophisticated ways. The fall in APP fraud relative to

³⁵ Our analysis primarily focuses on Faster Payments System (FPS) data and unless otherwise stated should be interpreted as such. FPS is the primary channel by which APP fraud loss takes place. CHAPS payments are also in scope for reimbursement requirement but have historically made a small share of fraud cases. For example, UK Finance reported almost half a million APP scams across FPS totalling £461m in 2025. In contrast, fewer than 200 APP scams were sent across CHAPS, totalling £18m. For more on CHAPS, see the Technical Report that accompanies this publication.

³⁶ The data captures all APP scams as defined in Section 2.2 of this report. We note that a few PSPs excluded scams that are not reimbursable under the reimbursement requirement, such as crypto and me to me payments from this dataset.

³⁷ We estimate the difference in the total value of APP scams during the pre-policy and post-policy period by fitting a linear regression model on monthly total outbound fraud reported by PSPs from industry evaluation data. We include fixed effects for June, July, August and September to control for seasonality. The regression indicates a highly significant reduction in comparable FPS APP scams post-policy ($p < 0.00001$).

a world in which the reimbursement requirement was not introduced may therefore be greater than the estimated fall since 2023, although the scale of this effect cannot be quantified.

As set out in the Methodology section, the estimated fall in APP scam losses is based on APP scams that are reported within the first 6 months of the scam occurring. This is to account for the fact that many APP scams that occurred during the final months of the post-policy period were not yet reported when the data was collected in December 2025. If we assume that the impact on APP scams that were not yet reported was in line with the impact of the scams reported within the first 6 months, the change in the APP scam value is £18m higher, equivalent to a £91m per year reduction in the value of APP scams since the reimbursement requirement was implemented. This assumption is plausible as the APP scams that take longer to report are also on average higher in value and therefore the financial incentive to PSPs to prevent these scams is at least as strong as for other types of scams.

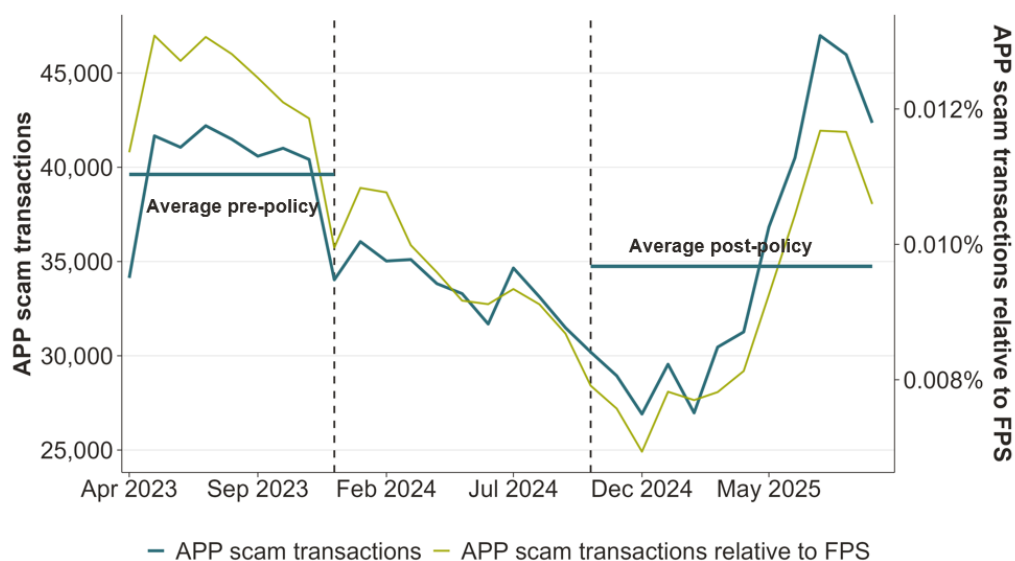
APP scam losses also fell relative to total FPS transaction value, from an average of £181 to £116 per £1 million sent. This indicates the reduction was not simply due to lower payment activity.³⁸

Figure 6 shows that the number of APP scam transactions fell in anticipation and shortly after the implementation of the reimbursement requirement in October 2024. Average monthly scam transactions fell from around 39,600 before the policy to around 34,700 after implementation. However, transaction volumes increased again in spring and summer 2025.

The later increase in scam transaction volumes does not change the overall finding that APP scam values fell. The increase appears to have been concentrated in lower-value scam types, particularly scams involving purchases of goods and services (purchase scams and advance fee scams). There is also some evidence that this reflects more transactions per scam, for example where fraudsters encourage victims to make several smaller payments rather than one larger payment.

³⁸ A reduction from £181 to £116 is equivalent to a 36% reduction in the average rate of APP fraud relative to the value of FPS transactions over the same period. We tested this result using a linear regression and controlling for seasonal effects in line with the approach to the changes in the level of APP fraud. We find that the reduction in the APP fraud rate when controlling for seasonal effects (with fixed effects for June, July, August, September) is 34%.

Figure 6 Volume of comparable FPS APP scam transactions by transaction date



Source: Frontier analysis of industry evaluation data

Note: Data from 19 PSPs which together account for 95% of FPS transaction volumes and values scaled to market-level using market shares. We only include scams reported within three months of the transaction taking place, which allows a like-for-like comparison over time.

The total value lost to APP fraud has generally fallen for most scam types where the data can be compared over time. The main caveat is investment fraud, where long reporting lags mean that data collected in December 2025 will not yet fully capture investment APP scams that took place in the first year since the reimbursement requirement was implemented in October 2024. It is therefore not yet possible to reliably assess trends in investment APP scams since the reimbursement requirement was introduced.

The reduction in APP scams needs to be considered in the context of the wider financial fraud landscape. The reimbursement requirement only covers domestic APP fraud payments made by consumers.³⁹ We estimate that the annual losses from these types of APP scams over Faster Payments were £350m per year in 2025, based on the scam transactions that took place in 2025. This is a small proportion of the overall financial fraud landscape. UK Finance estimates that losses to unauthorised fraud were £703m in 2025 and APP scam claims for payments to international accounts and via payment systems outside of Faster Payments were £116m in 2025. Not all these losses are suffered by consumers: £76m of the APP scam losses were reported by non-personal (typically business) account users of payment systems.

³⁹ We note that not all domestic APP fraud payments made by consumers over Faster Payments are reimbursable under the policy. Further detail on the scope of the policy is set out in Section 3.2.

Reconciliation with UK Finance's Annual Fraud Report data

The UK Finance Annual Fraud Report 2026 shows an increase in reported APP scam claims in 2025. This result is consistent with the findings from this evaluation.

UK Finance reports APP scam claims according to the date on which claims were closed by PSPs, whereas this evaluation measures APP scam transactions according to the date on which the scam took place. As a result, UK Finance data reflects the level of claims **closed** in each period, rather than the level of scams that **occurred** during that period.

This distinction is particularly important for scam types with long reporting lags, such as investment and romance scams. Victims may take time to identify that they have been defrauded and to make a claim, with evidence suggesting that investment scams may take up to 18 months on average to be reported.⁴⁰ Therefore, the increase in investment scam claims in 2025 reported by UK Finance is likely to reflect scams that occurred before the reimbursement requirement was implemented in October 2024.

As a cross-check, we have aggregated the industry evaluation data on the same basis as the UK Finance data, using the date on which the consumer claim was made rather than the transaction date, and compared the two datasets when investment scams are excluded. On this basis, APP fraud levels and trends are broadly consistent across the two sources. Further details on the comparison between the two data sources is provided in Section 6.1.1 of the Technical Report.

4.2 The reimbursement requirement appears to have been a key driver of the fall in the value of APP fraud

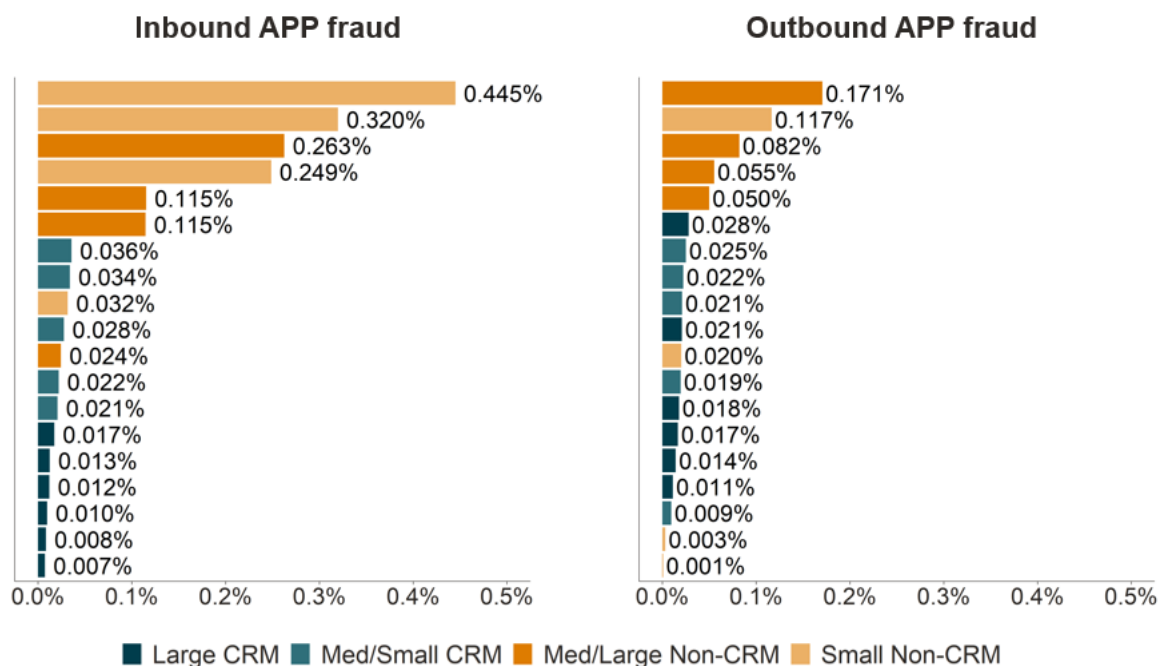
The pattern of APP fraud reduction suggests that the reimbursement requirement was a key driver behind it.

There was significant variation in APP fraud rates across PSPs before the policy was introduced, particularly for inbound fraud. As shown in Figure 7:

- The PSPs in our sample with the highest pre-policy inbound APP fraud rates received around 25 to 40 times the value of APP scams, relative to total transaction value, compared with those with the lowest rates.
- Outbound APP fraud rates were less concentrated, but still varied substantially, with the highest-rate PSPs sending around 12 to 14 times more APP scam value relative to transaction value than the lowest-rate PSPs.
- Non-CRM firms tended to have the highest relative APP fraud rates, across both inbound and outbound fraud.

⁴⁰ Refundee (2026). Based on 594 investment fraud cases represented by Refundee. Refundee data submitted to Frontier as part of this evaluation. A public version of this data is available on Refundee Blog: [13-month Reporting Limitation in the New MRR Regulation](#).

Figure 7 Pre-policy value of inbound and outbound APP fraud relative to value of FPS transactions by PSP



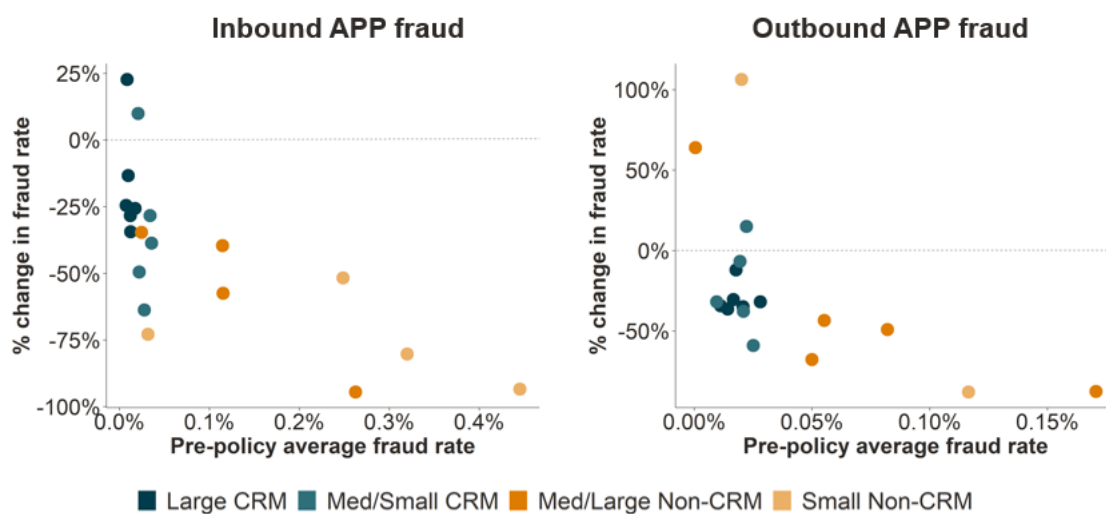
Source: Frontier analysis of industry evaluation data

Note: APP fraud is shown as a percentage of FPS transactions before the policy, from April 2023 to December 2023. Inbound fraud rates are constructed using outbound APP fraud and FPS transaction data by beneficiary sort code provided by PSPs and matching sort codes to EISCD data to identify the name of the receiving PSP. Outbound fraud data is as reported by PSPs.

The reimbursement requirement resulted in different changes in financial incentives for firms depending on their APP fraud rates and reimbursement behaviour before the policy. Figure 8 shows that the firms with the highest pre-policy APP fraud rates, and therefore the greatest financial exposure under mandatory reimbursement and shared liability, tended to reduce APP fraud the most. In particular:

- **For inbound fraud**, the five PSPs with the highest pre-policy inbound APP fraud rates reduced inbound APP fraud rates by between 52% and 94%. By contrast, the five firms with the lowest pre-policy inbound APP fraud rates reduced fraud by up to 23%. Some did not reduce it at all.
- **For outbound fraud**, PSPs with the highest pre-policy rates also reduced outbound APP fraud the most. The five PSPs with the highest pre-policy outbound APP fraud rates reduced outbound APP fraud rates by 43% to 88%. For the five firms with the lowest outbound APP fraud rates, outcomes were more varied and ranged from a 36% reduction to a 64% increase.

Figure 8 Change in the value of APP fraud rate relative to pre-policy APP fraud rate by PSP



Source: Frontier analysis of industry evaluation data

Note: Inbound (outbound) fraud rates are calculated as the value of inbound (outbound) APP fraud divided by the total value of inbound (outbound) FPS transactions. The pre-policy average is measured over the period April 2023 to December 2023, while the post-policy average is measured October 2024 to September 2025. The % change is calculated as the % change between the two periods. Inbound fraud is constructed using outbound APP fraud and FPS transaction data by beneficiary sort code provided by PSPs and matching sort codes to EISCD data to identify the name of the receiving PSP. Outbound fraud data is as reported by PSPs.

The role of the reimbursement requirement in driving reductions in APP fraud is also supported by interview evidence from PSPs. As set out in Section 3, PSPs reported taking significant action to improve APP fraud detection and prevention since 2023. These included enhanced fraud monitoring, customer warnings, specialist fraud teams, payment holds, external scoring tools, behavioural analytics and stronger inbound monitoring. PSPs also reported that many of these actions were motivated, or accelerated, by the reimbursement requirement and that these actions helped reduce the value of APP scams.

4.3 There is no evidence that changes in consumer behaviour affected reported APP fraud levels

Our theory of change indicated two other key mechanisms through which the reimbursement requirement could affect levels of APP fraud.

- Consumers may be less cautious when making payments if they think they are more likely to be reimbursed if they fall victim to an APP scam, leading to an increase in instances of consumers falling victim to APP fraud.
- Consumers may raise fraudulent claims themselves, claiming to have fallen victim to an APP scam when they had not, to get reimbursed by their PSP ('first-party' fraud).

There is no evidence that the level of consumer caution has changed because of the policies. Claim rejections due to consumers not exercising enough caution when making payments (Consumer Standard of Caution or CSOC) remain relatively low at market level, at around 3% of APP scam claims by value and 4% by volume. However, in stakeholder interviews, PSPs highlighted that CSOC has been hard to use in practice even if they do not believe a consumer has been adequately cautious. CSOC rejections are further discussed in Section 5.2 below.

There is also limited evidence of widespread increases in first-party APP fraud. Confirmed first-party APP fraud is low, with claims rejected for first-party fraud accounting for 0.5% of claims by value and 0.2% by volume. However, a small number of PSPs told us when interviewed that they suspect first-party APP fraud has risen even though they do not have enough evidence to reject claims on that basis. Further, a small number of firms responding to the FCA-PSR Joint Survey reported that suspected first-party APP fraud has increased.

The levels of reported APP fraud could also change over time, even if the underlying level of fraud had not changed, if consumers become more likely to make a claim after falling victim to an APP scam after the introduction of the reimbursement requirement. There is no evidence that the likelihood of making a claim after falling victim to APP fraud has changed since the reimbursement requirement. Consumer awareness of the policy is relatively low: in a January 2025 survey only 24% of consumers are aware that the policy exists and only half of APP scam victims seek reimbursement.⁴¹ Changes in claiming behaviour are therefore unlikely to have significantly influenced the trends observed in APP scam volumes and value over time shown in Figure 5 and Figure 6.

4.4 Some fraud activity may have been displaced

A potential unintended consequence of the reimbursement requirement, and firms' actions to prevent APP fraud as a result, could be that fraud is displaced to other forms of fraud that are not covered by the policy. This could arise from a change in fraudster tactics, if they switch to transaction types that are less likely to be prevented, or from PSPs diverting investment from preventing other types of fraud because of the policy.

The value of some types of out-of-scope APP scams has increased since 2023, as shown in Figure 9.

- **International APP scams.** Annual losses from International APP scams increased by £39m between 2023 and 2025: from £21m in 2023 to £60m in 2025.⁴² This could indicate some displacement from in-scope APP fraud to international APP fraud.⁴³ This is

⁴¹ Data from PSR (2025) APP Fraud Consumer Survey.

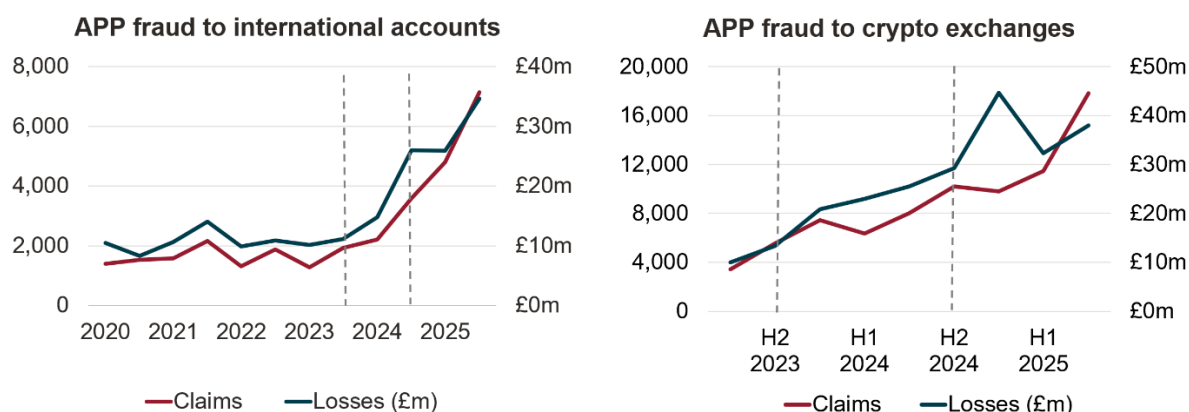
⁴² UK Finance (2026). [Annual Fraud Report 2026](#). We estimate the international APP fraud that relates to personal accounts by assuming that the proportion of international APP fraud from personal accounts is the same as the proportion of total APP fraud from personal accounts.

⁴³ We note that UK Finance fraud data is reported based on the date that the fraud was reported, rather than the date when it occurred. This means that the increase in international APP fraud is measuring the scams that were reported in 2025 and

supported by the evidence that losses from international APP scams were relatively stable between 2020 and 2023.

- Crypto-related APP scams.** The value of APP scams to crypto exchanges has grown significantly, indicatively from around £59 million in 2023 to £153 million in 2025.⁴⁴ The value of these scams has been growing consistently since Q2 2023, however, and is likely to at least partially reflect wider growth in crypto and crypto-related scams rather than just displacement caused by the reimbursement requirement. Furthermore, unlike international APP scams which are typically easily ruled as out of scope of the policy and excluded from UK APP scam reporting, payments to crypto exchanges are often included in overall APP scam reporting. Many of these crypto APP scams are therefore included in the industry evaluation data we use to measure the level of APP scams, despite not being in scope of the reimbursement requirement.

Figure 9 Estimated levels of out-of-scope fraud



Source: Frontier analysis of FCA-PSR Joint Survey (2025) and UK Finance’s Half Year Fraud Report 2025 and Annual Fraud Report 2026

Note: Data shown is APP fraud from personal accounts only. We calculate the international APP fraud that relates to personal accounts by assuming that the proportion of international APP fraud from personal accounts is the same as the proportion of total APP fraud from personal accounts. The data on APP fraud to crypto exchanges is obtained from the FCA-PSR Joint Survey. The figure above scales the survey responses from 13 PSPs which together account for 56% of FPS transaction volumes to estimate the market-wide level of crypto APP fraud.

The qualitative evidence indicates that some of the increase in other fraud, in particular out-of-scope APP fraud is likely to have been driven by the reimbursement requirement. Most stakeholders believe fraudsters are adjusting their tactics and APP fraud is at least partially displaced across payment methods rather than being eliminated.

At the same time, some PSPs thought their investments led to an improvement in their overall fraud prevention activity and contributed to tackling other types of fraud. Other PSPs reported

does not reflect all scams that occurred in 2025. These values are not directly comparable to our estimates of the reduction in UK APP fraud which is based on the date when the scam occurred.

⁴⁴ Based on data from the FCA-PSR (2025) Joint Survey.

that the focus on APP fraud prevention had diverted resources from other fraud control activity and negatively impacted their efforts on other frauds.

Finally, as with APP fraud, levels of other fraud are affected by wider drivers, such as the growth in payments and the rise in fraudsters making use of Artificial Intelligence. Given all these factors we cannot quantitatively estimate the proportion of the increase in out-of-scope fraud that has been driven by the reimbursement requirement.

5 Impacts on consumer welfare

This section assesses **Theme 3: whether the APP scam policies have improved outcomes for consumers.**

Under the theory of change, the reimbursement requirement was expected to improve consumer welfare in two main ways: by increasing reimbursement for victims of APP fraud, and by strengthening PSP incentives to prevent APP scams from occurring in the first place. At the same time, the policy could create uneven outcomes if PSPs interpret and apply key parts of the reimbursement framework differently. It could also result in wider costs if stronger fraud controls increase payment friction for legitimate consumers and businesses.

We find that consumers are better protected overall. Reimbursement has increased, and the level of APP scams has reduced, even after accounting for the increase in out-of-scope APP scams. This means consumers benefit both from greater financial protection after a scam and from fewer scams taking place. However, consumer outcomes remain uneven across the market. Reimbursement rates still vary materially between PSPs, and firms apply key parts of the framework differently, including the CSOC, vulnerability assessments, the voluntary excess and reimbursement above the mandatory cap.

This section considers four questions:

- how reimbursement outcomes have changed since the reimbursement requirement was introduced;
- whether consumers are being treated consistently across PSPs;
- how the reduction in in-scope APP fraud has affected consumers, including through avoided financial and non-financial harm; and
- whether stronger fraud controls have increased payment friction or affected the use of Faster Payments and Open Banking.

Further detail and supporting evidence can be found in Section 7 of the Technical Report.

5.1 Consumer reimbursement has increased

The reimbursement requirement has improved direct financial protection for victims of APP fraud. The proportion of the value of UK APP fraud losses reimbursed by PSPs has increased by 11 percentage points, from 54% before the policy to 65% after implementation. This rate is calculated by comparing the value of reimbursements made to the value of all confirmed APP fraud transactions. It does not exclude claims that are out of scope of the policy, nor claims that are not reimbursed due to policy limits and exceptions such as the CSOC, the optional

excess, or the reimbursement cap.⁴⁵ The post-policy reimbursement rate is in line with the 64% reimbursement rate for personal APP scam losses reported by UK Finance.⁴⁶

The PSR reports that 88% of claims deemed to be eligible by PSPs have been reimbursed by PSPs in the first year since the policy was implemented.⁴⁷ This figure differs from our estimate because it excludes claims that PSPs judge to be ineligible for reimbursement under the policy. Our estimate is intended to provide a measure of reimbursement that is comparable before and after the introduction of the policy.

The improvement in consumer welfare from increased reimbursement is equal to £39m per year.

5.2 Inconsistencies in consumer outcomes across the market remain

Reimbursements as a proportion of all APP scams still vary materially between PSPs after the introduction of the reimbursement requirement.

These differences need to be interpreted with caution. There are three main reasons why we observe differences in PSP reimbursement rates.

- First, some losses are not reimbursed because they fall outside the scope of the reimbursement requirement. This includes payments to crypto exchanges and payments between two accounts held by the same individual. For most PSPs, APP fraud data includes these types of claims and leads to a lower reported reimbursement rate.
- Second, some losses are not reimbursed due to policy limits and exceptions. This includes cases where the consumer is deemed not to have taken sufficient caution (the Consumer Standard of Caution exemption), the voluntary excess and the £85,000 reimbursement cap. Reimbursement rates are lower for PSPs with more cases that are not reimbursed, or not reimbursed fully, due to these exclusions.
- Third, the industry is still transitioning to the Standard A reporting standard which requires PSPs to report APP fraud reimbursement and claims data. This is the data used for the analysis of reimbursement rates. Several PSPs have reported that they have encountered difficulties in reporting accurate data to Standard A. The PSPs with known data issues

⁴⁵ The reimbursement rate is calculated as a proportion of APP scams as defined in Section 2.2 of this report. We note that a few PSPs excluded scams that are not reimbursable under the reimbursement requirement, such as crypto and me to me payments from this dataset.

⁴⁶ UK Finance's [Annual Fraud Report 2026](#) reports that out of £500m of personal APP scam losses £320m was returned to victims in 2025.

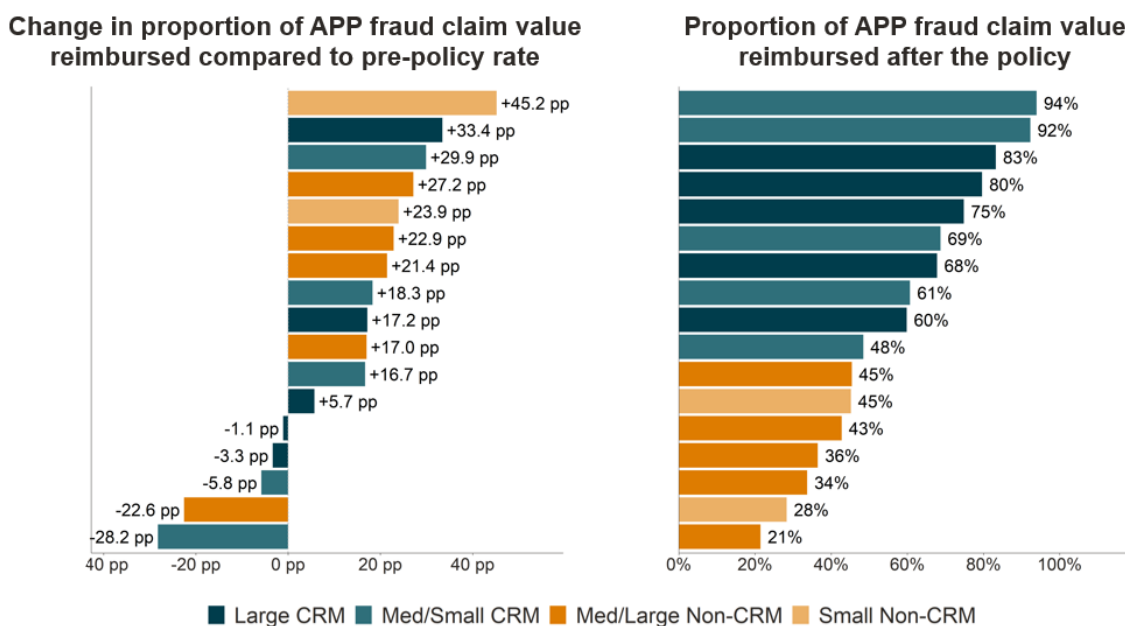
⁴⁷ The PSR reports quarterly reimbursement statistics on its [Reimbursement Dashboard](#) based on Standard A data. PSR reported that in total 88% of claims had been reimbursed in the first year since the reimbursement requirement.

have been excluded from this analysis, but it is plausible that the reimbursement rates of other PSPs in the dataset are also affected by these issues.⁴⁸

Figure 10 shows the reimbursement rates we calculate for each PSP, and how those rates changed after the reimbursement requirement was introduced. We find that:

- **Reimbursement rates have improved more at non-CRM firms.** Most non-CRM firms increased reimbursement rates after the policy, with several medium/large non-CRM firms increasing rates by around 17 to 27 percentage points and one small non-CRM firm increasing by around 45 percentage points. Some PSPs, including one medium/large non-CRM firm, reduced the value reimbursed as a share of confirmed APP scam losses.
- **However, reimbursement remains substantially higher at CRM firms.** Among CRM firms, reimbursement rates ranged from 48% to 94% of confirmed APP scam losses. Among non-CRM firms, they ranged from 21% to 45%.

Figure 10 Reimbursement rates and change in reimbursement rates by PSP



Source: Frontier analysis of industry evaluation data

Note: Pre-policy reimbursement rates are calculated for the period Apr 2023 - Sep 2024. Post-policy reimbursement rates are calculated for the period Jan - Sep 2025. 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.

As set out above, these differences need to be interpreted with caution and are in some cases driven by how PSPs record data rather than genuine differences in reimbursement outcomes.

⁴⁸ Examples of this include one PSP's Standard A submission not including the reimbursement of low value claims where the PSP reimbursed customers without pursuing the 50% liability share from the receiving PSP and cases where PSP claims were underreported because they were not correctly marked on the system as "closed" and therefore did not get submitted to Standard A.

There are some differences in how firms judge eligibility for reimbursement, however. In particular:

- **PSPs apply the CSOC differently.** Since October 2024, 3% of in-scope APP scam claims have been rejected due to the CSOC. However, 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.
- **Vulnerability assessments vary between PSPs.** Firms identified vulnerable consumers in 2% to 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 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.
- **PSPs also differ in whether they voluntarily 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. Overall consumer protection does not appear to have been meaningfully lessened by the £85,000 maximum cap on reimbursable claims. More than 99% of reimbursable APP scam claims are less than the £85,000 cap and more than 95% of reimbursable APP scam losses are covered by the mandatory reimbursement threshold.

FOS complaints provide further evidence of uneven consumer experience. Most firms had complaints equivalent to around 1% to 2% of claims, but four non-CRM firms had complaint rates of 4% to 13%. This suggests that consumers at some firms are materially more likely to challenge reimbursement decisions, which may be an indication of uneven consumer experience.

5.3 Consumers have benefited from the fall in APP fraud

In addition to benefits from improved reimbursement, consumers have also benefited from the reduction in APP fraud levels.

As explained in Section 4, the annual value of APP fraud has fallen by £73m since the introduction of the reimbursement requirement. Out of this, £34m of losses would not have been reimbursed by PSPs before the policy under the pre-policy reimbursement rates.⁴⁹ This represents a consumer loss that has been avoided, and that is at least partially due to the reimbursement requirement.

⁴⁹ The average reimbursement rate before the policy was 54%, meaning that 46% of APP scam losses were not reimbursed. Out of the £73m reduction in APP fraud value, 46% or £34m is a loss that consumers have not incurred due to the reduction in APP fraud since the reimbursement requirement.

The reduction in APP scams also benefits consumers by leading to lower levels of non-financial harm. APP fraud can cause shame, distress, self-doubt and vulnerability, and these harms are not removed simply because the victim is reimbursed. The reduction in the number of APP fraud cases is therefore likely to have improved consumer outcomes by reducing the number of people affected by the longer-term consequences of APP fraud.

We estimate that APP scams have fallen by around 34,800 cases per year. Using survey evidence that 85% of victims experience long-term impacts after an APP scam, this suggests around 29,600 fewer people may experience long-term emotional harm each year.⁵⁰

We have not directly measured whether the reimbursement requirement has increased consumer confidence. However, consumer awareness of the policy appears low (survey evidence shows that 24% of consumers are aware of the policy), which suggests any effect on confidence is likely to be limited at this stage.⁵¹

These benefits may be reduced if fraud has shifted outside scope of the reimbursement requirement

These benefits need to be considered alongside the increase in out-of-scope APP fraud. However, the losses from international APP fraud, and the number of cases, have increased by less than the reduction we measure in APP fraud, suggesting that the net overall impact of the reimbursement requirement on consumers is positive.

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

The evidence on wider consumer costs is limited. There is limited evidence of significant wider costs to consumers such as payment frictions or reductions in the use of FPS or Open Banking due to the APP scam policies.

APP fraud controls appear to have increased payment friction, mainly through monitoring and payment interventions rather than onboarding. Friction appears targeted mainly at higher-risk payments and customers, including crypto, international payments, suspected mule activity and potentially vulnerable consumers.

There is no clear evidence that the policies have reduced FPS usage. FPS transactions have continued to grow since the introduction of the reimbursement requirement.

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. Evidence from one provider suggests that additional approval screens in the mobile banking payment journey may reduce

⁵⁰ Data from PSR (2025) APP Fraud Consumer Survey.

⁵¹ Data from PSR (2025) APP Fraud Consumer Survey.

conversion, but overall conversion rates appear broadly stable over time. This evidence covers only one year and one provider, so it should be interpreted cautiously.

6 Impacts on PSPs and other markets

This section assesses **Theme 4: how the APP scam policies have affected PSPs and wider stakeholders.**

Under the theory of change, the reimbursement requirement was expected to increase PSPs' direct financial exposure to APP fraud and strengthen incentives to invest in APP fraud prevention. At the same time, the policy could increase costs through claims handling, dispute management, reporting and compliance. It could also create wider market effects if these costs affect PSPs' financial position, investment choices, service quality or market participation, as well as increasing costs for other organisations involved in tackling fraud.

We find that the policies appear to have increased PSP costs overall, although the scale of the increase is uncertain. Direct reimbursement costs were unchanged in aggregate because higher reimbursement rates were offset by lower APP fraud exposure. However, non-reimbursement costs increased, including fraud prevention investment, claims handling, dispute management, reporting and compliance. Most PSPs appear able to absorb these costs in the short term, but the burden is uneven and longer-term impacts on competition, innovation, service quality and growth remain uncertain. Evidence on additional costs for wider stakeholders is more limited.

The section considers four questions:

- how the policies have affected PSP costs, including reimbursement and non-reimbursement costs;
- whether PSPs appear able to absorb these costs in the short term;
- how the reimbursement requirement has affected demand for anti-fraud technology; and
- whether there is evidence of wider market impacts, including on competition, innovation, service quality and growth.

Further detail and supporting evidence can be found in Section 8 of the Technical Report.

6.1 PSP costs have increased overall

Market level direct reimbursement costs are unchanged since the reimbursement requirement. However, PSPs have incurred higher costs to prevent fraud and operate the new reimbursement framework.

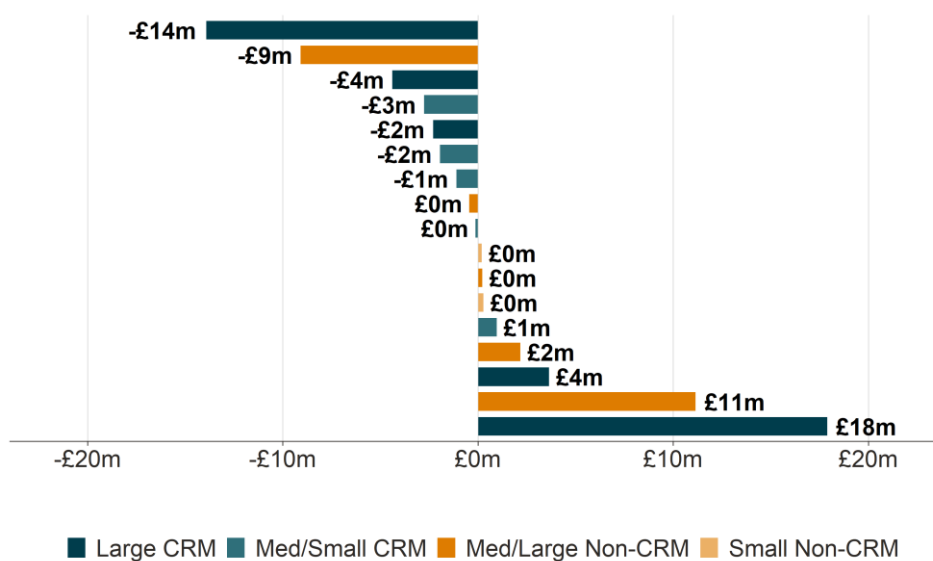
Direct reimbursement costs are unchanged since the policy

Our analysis of reimbursement costs needs to be treated with caution as there are limitations to the Standard A and industry evaluation data on reimbursements, as discussed in the previous section.

We estimate that total annual reimbursement paid by PSPs has not changed since the policy was implemented. Although reimbursement rates increased, the value of APP fraud fell, reducing the pool of losses requiring reimbursement. Overall, this reduction in fraud exposure was fully offset by the increase in reimbursement rates leading to zero net impact across the market.

However, there were significant differences in impacts between firms. As shown in Figure 11, changes in annual reimbursement costs ranged from a £14m decrease to an £18m increase, showing that aggregate figures mask significant firm-level differences.

Figure 11 Change in annual reimbursement cost by PSP



Source: Frontier analysis of Standard A and industry evaluation data

Note: Change in annual reimbursement costs is calculated as the difference between annualised customer reimbursement in the pre-policy period, Apr-Dec 2023, and the post-policy period, Jan-June 2025. The pre- and post-policy periods are aligned with the periods used in the analysis of the value of APP fraud over time to account for anticipatory effects in firm actions and reporting lags in APP scam data.

Non-reimbursement costs increased

At the same time, non-reimbursement costs have increased. PSPs reported higher costs from fraud prevention investment, claims handling, dispute management, reporting and compliance. Incremental whole-market non-reimbursement costs from the policies are estimated at around £44m to £56m per year on an illustrative basis.

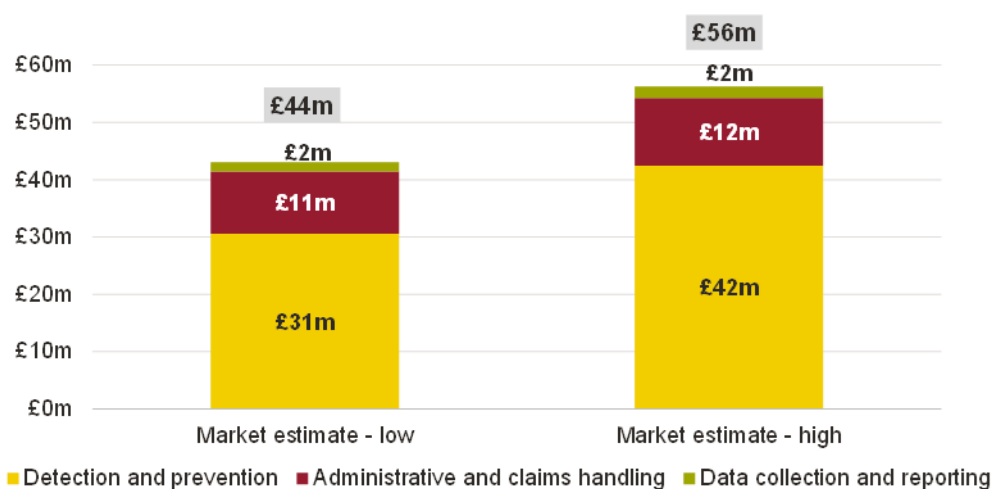
As shown in Figure 12, fraud detection and prevention is the largest non-reimbursement cost category, with market-wide costs estimated at around £31m to £42m per year. Administrative, claims-handling, dispute management, reporting and compliance costs make up the remainder.

We estimated these illustrative costs by analysing survey responses from 17 PSPs and grouping the results by type of PSP. We scaled the reported costs in each group to market level by using the Faster Payments market share of firms in that group to estimate a plausible

range of market-level expenditure. The cost estimate includes ongoing costs and an annualised measure of one-off costs.⁵² Further detail on how the costs were calculated is provided in Technical Report Section 8.1.2.

These are estimated annual costs for at least the first several years since policy implementation. We have not estimated what the costs may be further in the future and some costs may reduce over time as upfront implementation and investment needs fall. But PSPs highlighted that tackling APP fraud requires ongoing investment to respond to changing scam tactics, suggesting that costs may also remain at this level further in the future.

Figure 12 Illustrative incremental industry annual non-reimbursement costs



Source: Frontier analysis of industry evaluation data, the voluntary evaluation PSP survey and the FCA-PSR Joint Survey (2025)

Note: Estimates based on evidence submitted by 17 firms which together account for 75% of FPS transaction volumes

These costs imply a net increase in total costs for PSPs. However, these cost estimates should be treated with some caution, as the information submitted varies significantly across PSPs and it is challenging for firms to isolate the impacts of the policies on their costs. As set out in Section 3.3, some of these costs may reflect wider drivers, including rising APP fraud risks, pre-existing regulatory expectations and investment that PSPs may have needed to make even without the reimbursement requirement. They are nevertheless useful as an indication of the broad scale of costs incurred due to the policies reported by industry.

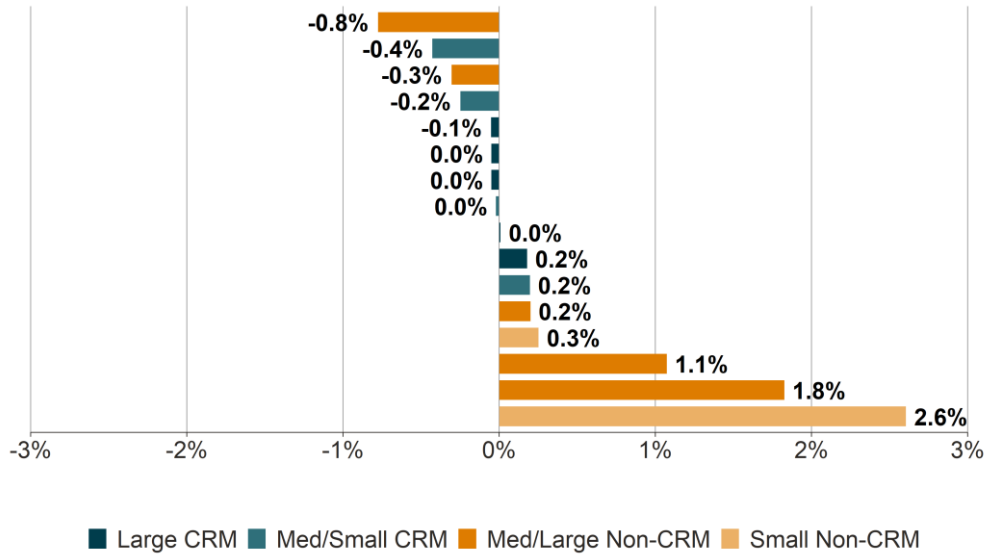
6.2 Most PSPs appear able to absorb the cost impact in the short term

The increase in costs appears manageable for most PSPs. The impact on reimbursement costs varied across firms. As shown in Figure 13, most firms in our sample either saw annual reimbursement costs fall or increase by less than 0.5% of revenue. However, three firms

⁵² One-off costs were annualised over five years.

experienced more material increases, including one firm where the increase was equivalent to 2.6% of revenue.⁵³

Figure 13 Change in annual reimbursement costs as a share of revenue by PSP



Source: Frontier analysis of Standard A and industry evaluation 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

Evidence from PSP interviews is consistent with this finding.

- Larger PSPs generally described the costs as significant but manageable in the context of their revenues and balance sheets. However, even where costs were manageable, firms said they contributed to margin pressure and reduced headroom for investment in products, services and wider innovation.
- The burden may be greater for smaller and growing PSPs. For these firms, reimbursement costs, fraud prevention investment and operational costs can represent a larger share of revenue and may be harder to absorb.
- Some PSPs also raised concerns about tail-risk exposure. These concerns related to high-value and complex claims, including cases where it is not clear at the outset whether the claim falls within the reimbursement requirement or whether an exception applies. In these cases, PSPs may have to manage material liability uncertainty while claims are being investigated.

⁵³ A reduction in revenue of 2.6% could be equivalent to a fall in return on equity of 6.5%, illustratively, a reduction in return on equity from 12.5% to 11.7%. UK banks tend to achieve a return on equity of 10-15%. We have taken the midpoint of 12.5% and assumed a cost to income ratio of 60%.

There is no evidence to date that the policies have caused sector-wide liquidity concerns. However, the short-term evidence does not fully capture how firms may respond over a longer period.

There is no clear quantitative evidence yet that the reimbursement requirement has materially reduced investor appetite for the UK fintech sector. A small number of growing PSPs and fraud technology providers said that APP fraud liability and reimbursement exposure had become more prominent in board-level and investor discussions. The capital investment in UK fintech as a proportion of global investment has fallen from approximately 12% before 2023 to 7-8% since 2024. However, there is no evidence that this reduction can be attributed to the APP scam policies. UK fintech investment has fallen as a share of global investment, but this is likely to reflect a range of wider market factors, including lower investor risk appetite, tougher macroeconomic conditions, higher interest rates, UK capital market conditions and broader regulatory and compliance pressures.

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

The reimbursement requirement appears to have supported demand for anti-fraud technology. 12 out of 23 PSPs reported using third-party providers as part of their activity to tackle APP fraud since 2023. These providers were used for user profiling and transaction profiling, particularly to prevent outbound fraud.

Stakeholder interviews provide some evidence that the reimbursement requirement has increased demand for anti-fraud technology. Some stakeholders suggested that mandatory reimbursement and liability exposure have made anti-fraud investment more commercially salient within PSPs. Reimbursement costs mean that fraud prevention investment can be framed not only as a customer protection or compliance measure, but also to reduce direct financial exposure.

Several stakeholders said APP reimbursement liability now features more prominently in board-level and investor discussions. One fraud technology founder said UK PSR liability was explicitly referenced in investor pitch decks as part of the investment case for anti-fraud solutions.

However, stakeholders generally suggested that the reimbursement regime accelerated rather than created entirely new demand for anti-fraud technology. Several PSPs argued that investment in anti-fraud technology was already planned in response to increasing APP scam sophistication and broader fraud risks.

6.4 Long-term impacts are uncertain

The evidence collected for this evaluation does not suggest material market harm in the short term. However, this evaluation is based on data from the first year after the reimbursement

requirement came into effect. Longer-term effects on competition, innovation and growth may take more time to materialise.

There is no clear evidence of material market harm to date, but some risks remain

We found no clear evidence that the policies have caused material market harm to date, for example by increasing PSP exits or reducing market entry. There is also no evidence that investment in the fintech sector in the UK has been negatively affected, with the UK still being the second strongest market for such investment in 2025.

However, stakeholders raised several concerns, including that:

- Higher costs and liability exposure will create barriers to 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 not just the payment system but also markets in which fraud originates, will weaken long-run effectiveness.

Wider economic and growth impacts remain uncertain

The longer-term economic and growth impacts of the APP scam policies remain uncertain. The payments market may be negatively affected in the longer term if the investments in tackling fraud divert funds away from investment in innovation, or if increased fraud prevention costs limit competition and, in turn, reduce innovation. This effect could spill over to other sectors that interact with the payments market and ultimately the wider economy. However, there could also be potential pro-competitive effects if PSPs compete on providing the best protections against APP scams or best victim care for their customers.

On the other hand, as consumer awareness of the policy grows, this may lead to increased confidence in the UK payments market and online commerce. This could contribute to cost reductions for businesses across the economy. Achieving these benefits will depend, though, on the reimbursement requirement continuing to incentivise firms to invest in APP fraud prevention and prevent future increases in APP fraud.

There may also be benefits to economic growth through the growth of the anti-fraud technology market as the reimbursement requirement appears to have strengthened the commercial case for investment in anti-fraud technology. However, the demand for anti-fraud technology has not been uniquely focused on UK tech firms: PSPs reported using both UK-based and international providers for their investment in fraud prevention tech from third parties.

Finally, a reduction in APP fraud could benefit the growth of the economy by keeping money in the UK. Much of APP fraud proceeds go overseas. A reduction in fraud going overseas may increase the spending power of UK consumers and contribute to growth in the UK.

7 Assessment of effectiveness

This section is an assessment of effectiveness, bringing together the evidence from the evaluation and assessing whether the APP scam policies have achieved the PSR's expected policy outcomes so far.

We do not consider whether the policies have been more (or less) effective than other policies that could have been introduced, nor whether the policies could have been more effective had they been introduced differently.

The PSR expected the policies to support four outcomes:⁵⁴

- **Less APP fraud:** a decrease in the level of APP fraud over time, while recognising that reported APP fraud cases could increase in the short to medium term as awareness and reporting improved;
- **Improved protection for victims:** more victims of APP fraud being consistently reimbursed for their losses;
- **Effective incentives for payment firms:** stronger financial and reputational incentives for payment firms to focus resources on preventing APP fraud; and
- **Increased confidence in Faster Payments:** greater confidence to use account-to-account payments, helping them to be more competitive with card payments.

Overall, the evidence suggests that the APP scam policies have broadly delivered against the first three outcomes in the short term. APP fraud fell materially, reimbursement increased, and PSPs strengthened fraud-prevention activity in response to financial incentives from the reimbursement requirement. However, reimbursement outcomes remain uneven across PSPs and some fraud may have shifted outside the scope of the reimbursement requirement. We have not identified evidence on whether the policies affected confidence in Faster Payments in the short term.

The publication of APP fraud performance data increased transparency and supported PSPs' internal benchmarking, but there is no evidence that it directly drove changes in PSP or consumer behaviour.

The policies appear likely to have delivered short-term net benefits. The main quantified benefit is the reduction in APP fraud, which we estimate to be greater than the increase in PSP costs. Longer-term impacts on competition, innovation, service quality and growth are not yet clear.

⁵⁴ PSR (2023). [PS23/2](#).

7.1 The policies have broadly delivered against the PSR's expected outcomes in the short term

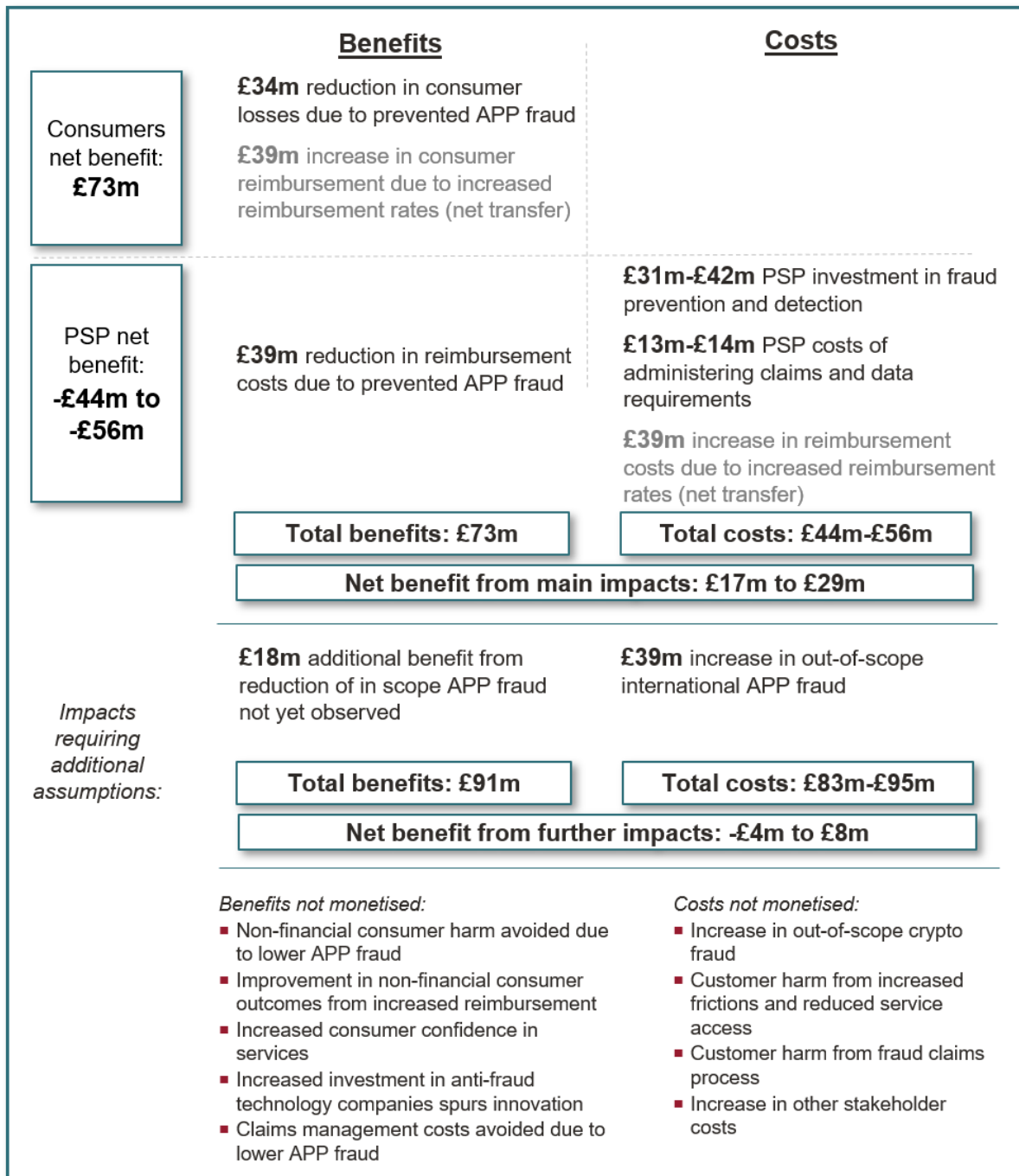
Overall, the policies have delivered most clearly against the outcomes most directly linked to PSP incentives in the short term: reducing in-scope APP fraud and strengthening fraud-prevention activity. Victim protection has increased but remains inconsistent across PSPs. We have not identified evidence to date that the policies have changed confidence in Faster Payments.

- **Less APP fraud.** The policies have achieved a reduction in APP fraud. The APP fraud we measure fell by an estimated £73m per year since October 2024 compared to 2023 levels. The largest reductions were generally seen among PSPs that had the highest pre-policy APP fraud rates and that were not previously reimbursing customers. Together with interview evidence, this indicates that the reduction has been driven by the reimbursement requirement to a significant extent. However, this reduction is partially offset by increases in international APP scams over the same period.
- **Improved protection for victims.** The reimbursement requirement has somewhat increased protection for victims. The proportion of confirmed APP scam losses reimbursed increased from 54% before October 2024 to 65% since 2025, delivering £39m consumer benefits per year. Consumers have also benefited from fewer APP scams occurring, amounting to £34m of consumer benefits per year. However, protection is not yet completely consistent across the market. Reimbursement rates, use of the Consumer Standard of Caution, vulnerability assessments, application of the voluntary up to £100 excess and FOS complaint rates all vary across PSPs.
- **Effective incentives for payment firms.** This outcome appears to have been achieved by the reimbursement requirement. PSPs have strengthened APP fraud controls since 2023, particularly where the policy created the largest change in financial exposure. The reimbursement requirement was not the only driver of this activity, but the evidence suggests it materially strengthened, accelerated or helped reprioritise PSP investment. The publication of APP fraud performance data increased transparency and supported PSPs' internal benchmarking, but there is no evidence that it directly drove major changes in PSP behaviour.
- **Increased confidence in Faster Payments.** This outcome is not yet evidenced. The policies may support confidence over time by reducing APP fraud and improving protection, but we have not directly measured a change in confidence attributable to the policies. Consumer awareness of the reimbursement requirement remains low, and there is no evidence so far that the policies have increased confidence in Faster Payments. There is also no evidence whether they have reduced overall Faster Payments or Open Banking usage.

7.2 The policies have delivered benefits greater than costs in the short term

On balance, the APP scam policies appear likely to have delivered short-term net benefits. Our overall assessment is summarised in Figure 14.

Figure 14 Summary of our assessment of effectiveness



Source: Frontier analysis

While the policies appear to deliver a positive net benefit overall, the balance of impacts differs across groups. Consumers are the main direct beneficiaries, through reduced APP fraud losses, higher reimbursement and avoided non-financial harm with estimated annual benefits of £73m. By contrast, PSPs face an estimated net cost of £44m-£56m from increased fraud prevention, claims handling, administration and reporting.

7.2.1 Short run quantifiable benefits exceed costs by £17m to £29m per year

The estimated £73m annual reduction in in-scope APP fraud exceeds the estimated £44m to £56m annual increase in PSP costs from fraud prevention, claims handling, administration and reporting. We estimate a positive short-term net benefit of £17m-£29m.

We believe that this is a conservative estimate of the net benefits of the policy. Interpreting the estimated fall in APP fraud since 2023 levels as the impact of the APP scam policies implicitly assumes that APP fraud would have remained constant in the absence of the reimbursement requirement. In fact, APP fraud may have grown over time in the absence of the policy, due to the growth in online payments and the growth in Artificial Intelligence enabling fraudsters to use increasingly sophisticated tools to trick victims. These factors may drive some of the increase in out-of-scope APP fraud observed. This means that the true benefits of the PSR's APP scam policies may be greater than the estimated fall in APP fraud relative to 2023 levels, though it is not possible to quantify this.

7.2.2 Net benefit is -£4m to £8m after accounting for benefits and costs that are harder to quantify

There are further costs and benefits that require assumptions to quantify and attribute to the policy. The impact of these factors is less certain, but our assessment is that the net benefits from the policies remain positive after they are considered.

Reductions in APP fraud not yet observed may deliver additional £18m benefits per year.

- The main estimates of the benefits and costs above are based on the changes in APP fraud that we have been able to observe in the data one year after the reimbursement requirement was introduced. This does not include APP scams that take longer to report, such as investment scams, and are therefore not included in the industry evaluation data.
- It is plausible that these APP scams have reduced by at least a similar extent to those that have been observed: they tend to be higher value, such as investment scams, and the financial incentive for PSPs to prevent high value scams is greater because they have to reimburse larger sums (at least up to the reimbursement cap).
- The value of APP fraud will have fallen by an additional £18m if we assume that changes in APP fraud not yet observed follow the same pattern as the changes in the observed APP fraud. This would increase the main quantified benefit of the policies from £73 million to £91 million.

Increases in out-of-scope international APP scams may increase costs attributable to the policy by up to £39m per year.

- The qualitative evidence from stakeholders indicates that fraudsters have adapted their techniques and shifted activity towards frauds not covered by the reimbursement requirement since it was introduced.
- APP scams where the beneficiary is not a UK account are not in scope for the reimbursement requirement. These APP scams have grown by £39m per year between 2023 and 2025. We are not able to quantify the scale of this shift that is attributable to the reimbursement requirement, but it is plausible that a significant proportion of the growth in international APP scams has been due to the policy.

If the policies have led to a displacement of fraud such that out-of-scope fraud has increased by £39m/year, then the estimated net benefit of the policies is -£4m to £8m per year after considering this and the additional unmeasured fall in APP fraud.

As explained in Section 7.2.1, we believe that our estimate of benefits from the observed reduction in APP fraud is conservative and the true benefits are likely to be higher than the value that we can quantify. We therefore conclude that the overall net benefits of the policy are likely to be positive, even after factors that are harder to quantify are considered.

This assessment of quantified costs and benefits is broadly in line with the PSR's cost benefit analysis

Our assessment is broadly consistent for the main categories of benefits and costs identified and quantified in the PSR's cost-benefit analysis (CBA). The PSR's CBA identified reduced APP fraud as the largest expected benefit, with an indicative estimate of £70m to £127m per year.⁵⁵ Our best estimate of the reduction in APP fraud once scams not yet reported are accounted for is £91m, which is within this range.

The PSR's CBA estimated that PSP costs would increase due to administrative costs by £20m-£43m per year.⁵⁶ Our estimated annual administrative and data reporting costs of £13m-£14m are slightly lower than this. The PSR estimated there would be "high/medium" costs to PSPs from investment in fraud prevention. We estimate firms incurred £31m-£41m costs for APP fraud prevention due to the policy. The PSR also included an indicative cost to consumers from increased frictions and delayed payments of £6m-£25m which we do not quantify in our analysis. However, we highlight the potential cost from APP fraud shifting into other forms of fraud, which the PSR did not quantify.

⁵⁵ Payment Systems Regulator (2023), [PS23/4 CBA](#).

⁵⁶ Payment Systems Regulator (2023), [PS23/4 CBA](#); Payment Systems Regulator (2024), [PS24/7 CBA](#).

7.2.3 Some material benefits and costs cannot be quantified

In producing our overall assessment one key challenge is that we cannot put a monetary value on all changes in outcomes. The summary in Figure 14 notes the key benefits and costs that we have qualitative evidence of but have not been able to value. This includes:

Benefits not quantified

- Increases in APP fraud that have been avoided.
- Non-financial consumer harm avoided due to lower APP fraud.
- Improvement in non-financial consumer outcomes from increased reimbursement.
- Increased consumer confidence in the financial services industry and services of UK PSPs.
- Increased investment in anti-fraud technology companies as investors have confidence that there is demand for these products, which in turn benefits innovation.
- Claims management costs avoided by PSPs due to lower APP fraud.

Costs not quantified

- Increase in out-of-scope crypto fraud due to displacement caused by the policies.
- Consumer harm from increased frictions that some consumers may face when seeking banking services.
- Consumer harm from increased frictions in the payment journey.
- Increase in other stakeholder costs due to additional fraud prevention, investigation, reporting, customer support, dispute resolution and regulatory activity. This includes costs incurred by law enforcement, consumer bodies, anti-fraud organisations, dispute resolution bodies and regulators.

7.2.4 Longer-term market responses could change the overall assessment

The evaluation captures the first year after the reimbursement requirement came into force. Some impacts, including longer-term market responses, may not yet be visible. Longer-term effects on competition, innovation, service quality, consumer confidence and economic growth remain uncertain. The longer-term assessment will depend on whether the policies continue to incentivise effective APP fraud prevention and whether incentives across the wider fraud ecosystem become better aligned.

7.3 Wider fraud ecosystem incentives remain an important constraint

It was not within the scope of our review to assess the effectiveness of the policies compared to other policies that could have been introduced to achieve the same objectives. However, for completeness we do note that many stakeholders highlighted that the incentives to reduce APP fraud were being placed only on one part of the fraud ecosystem. Meanwhile, 30% of

fraud by value and 69% by volume originates via online platforms.⁵⁷ 31% by value and 12% by volume originates via telecommunications (calls and texts).⁵⁸ The view of some stakeholders was that by placing the responsibility for tackling APP fraud on PSPs, but not on online platforms and telecoms companies, the reimbursement requirement does not target the right parts of the fraud ecosystem to be the most effective policy at reducing overall APP fraud levels.

⁵⁷ This includes social media, messaging and call platforms and auction, purchase and listing platforms. PSR (2024) [Unmasking how fraudsters target UK consumers in the digital age.](#)

⁵⁸ PSR (2024) [Unmasking how fraudsters target UK consumers in the digital age.](#)

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