

PSR Consultation CP23/6:

Authorised push payment scams

Excess and maximum reimbursement level for Faster Payments and CHAPS

Ordo response

Submission to: appscams@psr.org.uk by 5pm 12 September 2023

PUBLIC

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Introduction

What does Ordo do?

Ordo's fully hosted and customisable open banking-enabled payments managed services provide businesses – large and small – with low cost, highly secure, real-time and easy to use Request to Pay, e-commerce, Point of Sale/QR Code, invoice and contact centre payments direct from their customer's ASPSP accounts into their own ASPSP accounts for both single and recurring payments.

Businesses can access the Ordo managed service in a number of ways: though an Ordo Merchant Acquirer/PSP payments partner, such as Pay360 or Contis, directly via Ordo's business level APIs, and for smaller businesses, through our integrations with QuickBooks, Sage, and Xero accounting software or via Ordo's web/app interfaces.

Ordo also uses open banking to enable refunds and secure customer pay outs as well as account validation services and has fully managed VRP enabled services, initially for sweeping, allowing businesses to take advantage of the latest open banking technology with minimal development and integration effort.

Ordo's cloud hosted managed service is fully white labelled allowing business's own brand and look & feel to be incorporated into all customer interactions, giving a consistent customer experience but without the overhead of developing and keeping up to date their own open banking customer journey.

Who are Ordo?

Ordo was founded by the former management team of the UK's Faster Payment Scheme in 2018 to use Open Banking payments to provide businesses with a much-needed alternative to slow, high-cost card payments and insecure direct ASPSP payments. Ordo is authorised by the Financial Conduct Authority as an Authorised Payments Institution to carry out Account Information Services and Payment Initiation Services (FRN 836070). Ordo is backed by private investors, Nationwide Building Society Ventures and CGI, the global IT services business.

Consultation response

We are pleased to see the PSR consulting on the structure for the compulsory reimbursement of APP scam victims.

APP scams are a growing concern and, along with anti-fraud measures we have built into our service, we want the ecosystem to evolve holistically to prevent and stop this fraud, which can have a lasting negative impact on victims both financially and otherwise.

General response

There has not been enough time given to be able to consider the PSR's specific questions.

Excess

Leaving an excess to be set by sending PSPs is likely to lead to differentiation and therefore consumer confusion. Having consistency of protection and therefore good consumer understanding would seem to be helpful, and we do not believe individual sending PSP excess setting would result in this. If this were agreed with, it would need to be set by the regulator. However, this would remove the ability of a sending PSP to choose to waive an excess as a goodwill gesture at their discretion which may be a benefit which outweighs consumer consistency (and understanding).

Making excess discretionary seems at odds with APP scams being a crime, with those that potentially *benefit* from bank discretion being *victims*; different excess levels is more akin to a benefit in commercial competitive insurance, for example, a benefit which is chosen and paid for. Is it right that compensation for a crime and a commercially provided service are the same? These issues need considering with rationale set out to align the sector, if deemed best, for the good of consumers.

Maximum reimbursement

Comments as above regarding sending PSPs being able to choose the amount, however, it is understood with this level of value a PSP is unlikely to willingly exceed the maximum reimbursement level nor, given the PSR's quoted statistics, will a sending PSP need to exceed the maximum value suggested often.

This level will be more difficult for smaller PSPs to accommodate and will disproportionately impact them, risking a shrinking of the market in favour of incumbent non-innovative dominate players.

What level of compensation is available to victims of other crimes? The consulted maximum level makes this crime lucrative for fraudsters to turn to themselves, but also puts victims of fraud on a more favourable footing than victims of other crimes. The PSR's quoted statistics show that most APP fraud would be caught at £350k, yet for the sake of consistency with the Ombudsman's compensation level the amount is increased significantly; yet regarding excess, there is no desire for consistency despite potential confusion. Would consistency aid consumer understanding, which would be a good thin and which is therefore desired, or not?

Finally, given that whilst the sending and receiving banks will initially compensate victims, funding for such compensation is ultimately recouped from the consumer by way of costs, charges and/or non-interest paid by banks. In this instance, what is the rationale that society, including its poorest, compensate victims of one crime (APP fraud) so comprehensively compared to other crimes, and for the poorest to be forced to contribute to compensation for victims to such a high level, a level at which they probably would not insure or expose themselves to?

CHAPS

Agreed any APP scam policy should cover CHAPs.

Please do not hesitate to contact Ordo should you wish to discuss this matter.