Responding to APP fraud claims: decision tree

Did the Customer intend to transfer funds to another person, but was instead deceived into transferring the funds to a different person (DS1(2)(a)(i)); or Did the Customer transfer funds to another person for what they believed were legitimate purposes, but which were in fact fraudulent? (DS1(2)(a)(ii))

No → Outside scope of code

Yes ↓

Were the funds transferred across Faster Payments, CHAPS or an internal bank transfer? (DS1(2)(a))

No → Outside scope of code

Yes ↓

Is the Customer a consumer, micro-enterprise or charity (as defined in reg. 2 of the Payment Service Regulations 2017 (PSR))?

No → Outside scope of code

Yes ↓

Was the transaction on or after 28 May 2019? (DS2(2)(c))

No → Outside scope of code

Yes ↓

Was the payment between GBP-denominated UK-domiciled accounts? (DS2(1)(a))

No → Outside scope of code

Yes ↓

Was your firm the "point of first reception of funds"? – i.e. firms where accounts are utilised in the onward transmission of APP scam funds are out of scope. (DS2(1)(b))

No → Outside scope of code

Yes ↓

Claim is in scope of code. Should it be upheld?

Yes ↓

Did the Customer ignore Effective Warnings (as defined by DS1(2)(h) and SF1(2)(a)-(e) and which included appropriate actions for those Customers to take to protect themselves from APP scams R2(1)(a))?

Yes → Claim may be rejected

No ↓

Did the Customer fail to take appropriate action following a clear negative Confirmation of Payee result? (R2(1)(b))

Yes → Claim may be rejected

No ↓

Did the Customer make the payment without a reasonable basis for believing that the payment was legitimate? (R2(1)(c))

Yes → Claim may be rejected

No ↓

Where the Customer is a micro-enterprise or charity, did it fail to follow its own internal procedures for approval of payments? (R2(1)(d))

Yes → Claim may be rejected

No ↓

Has the Customer been grossly negligent? (R2(1)(e))

Yes → Claim may be rejected

No ↓

Decision to reimburse. Was Customer in breach of "level of care" (see ALL2(2) – i.e. is the firm proposing to compensate the Customer, notwithstanding that it is entitled to reject the claim?

Yes ↘

No ↓

Did either of the firms involved in the Customer's Payment Journey breach the Standards for Firms (i.e. those standards for Detection, Prevention and Response set out at SFI?)

Did either firm breach the Standards for Firms?

- Both firms ↙ — Each firm should contribute 50% of the cost of reimbursement: ALL2(1)(a)
- One firm ↓ — This firm should meet 100% of the cost of reimbursement: ALL2(1)(b)
- Neither firm ↘ — The Customer's firm should reimburse and apply to the no blame fund to recoup the cost: ALL2(3)
- Both firms ↙ — The Customer should receive 66% of the sum lost, with each firm paying 33%: ALL2(2)(a)
- One firm ↘ — The Customer should receive a 50% reimbursement from the liable firm: ALL2(2)(b)

The Contingent Reimbursement Model Code for Authorised Push Payment Scams can be found here