

## **LSB issues warning to CRM Code signatories over Authorised Push Payment (APP) scams**

London, 16 June, 2021 – The Lending Standards Board (LSB) has today published its latest report detailing findings regarding the implementation of a provision of the [Contingent Reimbursement Model](#) (CRM) Code for Authorised Push Payment (APP) scams, which looks at signatory firms' approach to the reimbursement of customers.

The Code, launched in May 2019, sets out consumer protection standards to detect, prevent and respond to APP scams. Signatory firms make a commitment to reimburse customers who lose money in cases where they were not to blame for the success of a scam.

The follow up and accompanying report, published today, assessed firms' progress on required actions from the [previous thematic review](#), finding that progress has not been as the regulator expected, as well as identifying further areas of concern.

The initial thematic review included all firms signed up to the Code at the point of its inception. In April 2020, the LSB, governing body of the Code, published the review report highlighting some areas of good practice, but also four key areas of improvement which were detailed in individual firm reports containing required actions. These related to consistency around reimbursement processes, identification of vulnerability, effective warnings, and record keeping.

In addition to these key themes not being fully addressed since that review, further areas of concern have been identified. These include claim investigations exceeding the time requirements outlined in the Code, inconsistency in information given to victims of scams, and disproportionate responsibility being put on customers who make a claim.

As well as issues with individual firms' application of the Code, the LSB has stated that systemic failings are present, and that work must be undertaken by signatory firms without delay to ensure the best outcomes for customers.

To ensure the actions raised from the review are given the highest priority within firms, Emma Lovell, Chief Executive of the LSB, has written to the Chief Executive of each signatory firm, reinforcing the importance of acting swiftly to remediate the findings.

**Speaking about the review, Lovell said:** 'Firms must act immediately to implement the recommendations that were issued to them in the original review and those now raised in the follow up. Timebound action plans are in place and firms are clear on our expectations as governor of the Code.

'Together with our full review published earlier this year, we have evidence that when the Code is applied correctly, it provides much needed protection for customers. We will continue to collaborate with the industry to increase the number of firms signed up to the Code and we would urge firms who are not already signed up, to consider the contents of this report and review their arrangements for dealing with APP scam cases.'

This follow up review forms part of a range of activity that the LSB is undertaking following its [full review of the Code](#) earlier this year. Further information about this is set out in this [roadmap](#).

ENDS

#### Notes for editors

- The LSB's Follow-up Review of Approach to Reimbursement of Customers – Provision R2(1)(c) can be viewed here: [www.lendingstandardsboard.org.uk/resources/follow-up-review-of-approach-to-reimbursement-of-customers-provision-r21c/](http://www.lendingstandardsboard.org.uk/resources/follow-up-review-of-approach-to-reimbursement-of-customers-provision-r21c/)
- An APP scam occurs when a customer is tricked into authorising a payment to an account that they believe belongs to a genuine payee, but is in fact held by a scammer.
- The LSB took over responsibility for the Code on 1 July 2019.
- The LSB is responsible for providing independent oversight of signatory firms to give assurance that the Code is being adhered to, breaches are identified and remedied and that it delivers fair outcomes for consumers.
- The LSB published the [findings from their full review of the CRM Code](#) in January 2021.
- In 2020, the LSB also conducted a [thematic review of SF1\(2\): Effective Warnings](#) provision of the CRM Code.
- Nine firms are signed up to the Code representing 20 brands.
- Customers who have been a victim of a scam should make contact with their bank, building society or other payment provider immediately, using the number on their website.
- More information about the CRM Code, including the full Code itself, can be found [here](#).

#### Contact information

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#### About the LSB

Established in 1999 the Lending Standards Board (LSB) sets and oversees Standards and Codes for consumers, and provides increased protection for business customers (with an annual turnover up to £25m). When implemented effectively, these ensure registered firms are better equipped to deliver fair customer outcomes. The LSB is at the forefront of independent, consumer focused self-regulation, assessing firms' compliance with the Standards and Codes as well as ensuring they evolve to stay ahead of emerging industry risks and potential areas of customer detriment. The Standards and Codes protect 95 per cent of customers and provide registered firms with a benchmark for:

- Good lending practice for personal and business customers throughout the whole product lifecycle, which gives confidence that financial institutions will deliver fair outcomes.
- Protecting against Authorised Push Payment (APP) scams, reducing their occurrence, and ensuring consumers who lose money through no fault of their own are reimbursed, without delay.