

Review of the Consumer Duty

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Compliance with the 'Cross-Cutting Rules'

(Paragraph 2.8)

These apply across all areas of conduct, requiring firms to:

- act in good faith toward retail customers
- **avoid causing foreseeable harm to retail customers**
- enable and support retail customers to pursue their financial objectives

Avoid causing foreseeable harm to retail customers

My proposition:

PSPs (banks/firms) must develop and implement fraud prevention systems and processes to address known frauds because failing to do so causes foreseeable harm.

Three Issues

- Payment Delays
- Confirmation of Payee
- Spoofing Phone Numbers

Payment Delays

- There should be a mandatory delay of 24-hours on any high value payment to a new Payee.
- Inconvenient and not allowed under PSR2017.
- PSR 2017, Regulation 86, “by the end of the business day following the time of receipt of the payment order (D+1)”
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- FCA GC24/5, Paragraphs 2.6 – 2.10, “up to 4 business days”
- The delay is in the wrong place – Receiving bank.

Confirmation of Payee

- A succession of failures by the FCA
- The risk of using unverified account details was clearly known by 2013 (and it was an FPS design failure in May 2008)
- Introduced 31 March / 30 June 2020 – 7 years too late
- Still not fully implemented – 140 + 400 this year
- Should be open to other professional bodies such as IFAs and Solicitors for account validation, like SurePay in Holland.

Spooftng Phone Numbers

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Spoofting Phone Numbers

- “You know I’m calling from your bank because you can check my phone number against your bank card.”
- Do you know what a “DNO” number is?
- DNO = Do (or Does) Not Originate
- Why aren’t all PSPs registered for DNOs?

Thank you