

s 22

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From: s 47F [redacted] <[redacted]@auspaynet.com.au>
Sent: Tuesday, May 21, 2024 4:44 PM
To: s 22 [redacted] <[redacted]@TREASURY.GOV.AU>
Subject: Links re: new UK scam trend

Hi s 22

Thanks for the call last week and the chat earlier.

I've followed up re: discussion of new scams evolving from the reimbursement model.

At the recent Pay360 conference in London, the emergence of this new scam type was discussed. It's effectively a type of first-person fraud (sometimes known as friendly fraud), where the person reporting that they have been "scammed" is actually a criminal/scammer (or in cahoots with, or a mule for, the criminal/scammer).

The reimbursement model effectively guarantees the revenue of such a scam, unless the FIs/PSPs can prove that the recipient is a criminal. And with (a) a high burden of proof and (b) published reimbursement rates (by bank/PSP i.e. naming and shaming), it's likely to be easier simply to reimburse (or more accurately, pay, given there is no scam to be reimbursed!).

Additionally, the UK reimbursement model is moving in October to a 50-50 split between sender and received, and a maximum of £415,000 per scam, and is causing significant concerns in the UK fintech community, given it could be financially catastrophic for early-stage innovators.

<https://www.pymnts.com/news/regulation/2024/uk-fraud-proposal-has-significant-problems-minister-says/>

[Payments industry challenges UK's proposed scam reimbursement rules - ThePaypers](#)

Please let me know if you have any feedback.

Cheers,

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