



HM Treasury, 1 Horse Guards Road, London, SW1A 2HQ

Richard Lloyd
Which?
2 Marylebone Road
London
NW1 4DF

18th September 2015

Dear Richard

SUPERCOMPLAINANTS FOR THE PAYMENT SYSTEMS REGULATOR

I am writing to inform you of HM Treasury's intention to designate Which? as a supercomplainant to the Payment Systems Regulator (PSR).

As you know, the PSR was brought into legislation in 2014 following a Government consultation aimed at addressing the lack of competition and innovation in the UK's £75 trillion payments industry. The PSR has three objectives: to promote competition, to promote innovation and to ensure that the payments industry is responsive to the interests of end-users. I am confident that the PSR will deliver tangible benefits for UK consumers.

Vital to this effort is the existence of a robust complaints mechanism to identify instances of market failure and consumer detriment. Although acting independently from it (and required in statute to have its own supercomplaints regime), the PSR is a subsidiary of the Financial Conduct Authority (FCA). As such, it is the Treasury's intention to establish a supercomplaints regime for the PSR which mirrors that of the FCA.

When a complaint is made from a designated supercomplainant, the PSR will be required to process the case differently to its usual complaints regime. Namely, it must respond to the complaint in 90 calendar days, and it must justify any cases it chooses not to progress.

A body may be designated as a PSR supercomplainant if the Treasury considers it to meet the criteria set out below, which are modelled on the equivalent requirements placed on FCA supercomplainants. At a high level, these include the independence, impartiality and ability of the body to make reasoned complaints to the regulator (the full criteria are listed as an appendix to this letter).



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It is the Treasury's view that Which? satisfies these criteria – as indicated by the fact that it has already been designated as an FCA supercomplainant, and the clear relevance of your organisation to the PSR's mission. If you are content to be designated as a PSR supercomplainant, you do not need to make any further application. If you do not wish to be designated as a PSR supercomplainant for any reason, I would be grateful if you could let me know by Monday 12 October 2015.

I am also publishing this letter in the public domain. In so doing I would like to invite other bodies that wish to be designated as PSR supercomplainants to contact HM Treasury by the same date.

I hope that you will welcome the opportunity to participate in the work of the PSR, and to help create better outcomes for all users of payment systems in the UK.

A handwritten signature in cursive script that reads "H - H Baldwin".

HARRIETT BALDWIN



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Appendix A

Criteria for designation as a supercomplainant to the Payment Systems Regulator:

A supercomplainant must be a body that represents the interests of consumers and service-users (this can include bodies that represent the interests of small businesses who are users of payment systems and the services provided by payment systems). Further to this, for a body to be designated as a supercomplainant, the Treasury must consider it to meet these criteria:

- i. that the body is run independently, and with impartiality and integrity;
- ii. that the body is capable of, and has proven experience in, making reasoned complaints in the interests of consumers or service-users;
- iii. that the body is willing to co-operate with the PSR and adhere to its guidance when given.
- iv. The fact that a body has a trading arm will not disqualify it from being designated provided that the trading arm does not control the body, and as long as its profits are used to further its stated project to represent consumers or service-users, and the body has established procedures to ensure that any potential or actual conflicts of interests are properly dealt with.
- v. If the body represents trade and industry interests in their capacity as users of payment systems and the services provided by payment systems, it must show that it primarily represents the interests of small or medium-sized businesses.

