

2024 No. 0000

FINANCIAL SERVICES AND MARKETS

The Payment Services (Amendment) Regulations 2024

Made - - - - *****
Laid before Parliament *****
Coming into force *****

The Treasury make these Regulations in exercise of the powers conferred by sections 3(1) and 84(2) of the Financial Services and Markets Act 2023(a) (“the Act”).

The Treasury have consulted the regulators as required by section 3(6) of the Act.

Citation, commencement and extent

- 1.**—(1) These Regulations may be cited as the Payment Services (Amendment) Regulations 2024.
(2) These Regulations come into force on [].
(3) These Regulations extend to England and Wales, Scotland and Northern Ireland.

Amendment of the Payment Services Regulations 2017

- 2.**—(1) The Payment Services Regulations 2017(b) are amended as follows.
(2) In regulation 63(5)(a) (application of Part 7)—
(a) after “83 (revocation of a payment order),” insert “86(2A) to (2D) (payment transactions to a payment account),”;
(b) after “92 (defective execution of payee-initiated transactions)”, for “and” substitute “,”;
(c) after “94 (liability for charges and interest)” insert “and 94A (liability for charges and interest as a consequence of delay under regulation 86(2B))”.
(3) In regulation 85 (application of regulations 86 to 88)—
(a) in paragraph (1), after “to 88” insert “(except paragraphs (2A) to (2D) of regulation 86)”;
(b) after paragraph (1), insert—
“(1A) paragraphs (2A) to (2D) of regulation 86 (payment transactions to a payment account) apply to any payment transaction which is—
(a) authorised in accordance with regulation 67 (consent and withdrawal of consent);

(a) 2023 c. 29.
(b) S.I. 2017/752, amended by SI 2018/1201; there are other amending instruments but none is relevant.

- (b) executed wholly within the United Kingdom in sterling; and
 - (c) not initiated by or through a payee.”.
- (4) In regulation 86 (payment transactions to a payment account)—
- (a) in paragraph (1), after “paragraphs 2” insert “, (2A) to (2D)”;
 - (b) after paragraph (2), insert—
 - “(2A) Paragraph (2B) applies where the following conditions are met—
 - (a) the payer’s payment service provider has established that there are reasonable grounds to suspect a payment order from a payer has been placed subsequent to fraud or dishonesty perpetrated by a person other than the payer; and
 - (b) such grounds are established by no later than the end of the business day following the time of receipt of the payment order.
 - (2B) Subject to paragraph (2C), the payer’s payment service provider may delay crediting the amount of the payment transaction to the account of the payee’s payment service provider for the purpose of contacting the payer or other relevant third party to make further enquiries in order to establish whether it should execute the payment order.
 - (2C) The delay referred to in paragraph (2B) must be no longer than necessary to achieve the purpose described, and in any event, no longer than the end of the fourth business day following the time of receipt of the payment order.
 - (2D) Where a payment service provider delays a payment order under paragraph (2B)—
 - (a) the payer’s payment service provider must notify the payer of—
 - (i) the fact of the delay;
 - (ii) the reasons for the delay; and
 - (iii) any information or action required of the payer to enable the payment service provider to decide whether to execute the order;
 - (b) the notification under sub-paragraph (a) must be given or made available in an agreed manner and as soon as possible, and in any event by no later than the end of the business day following the time of receipt of the payment order;
 - (c) the requirement in sub-paragraph (a) does not apply to the extent complying with it would be otherwise unlawful.”;
 - (c) in paragraph (3)(a), after “regulation 85(1)” insert “or regulation 85(1A)”.
- (5) After regulation 94 (liability of payment service provider for charges and interest), insert—

“Liability of payment service provider for charges and interest as a consequence of delay under regulation 86(2B)

- 94A.** A payment service provider is liable to its payment service user for—
- (a) any charges for which the payment service user is responsible; and
 - (b) any interest which the payment service user must pay,

as a consequence of a delay to the execution of a payment order in reliance on regulation 86(2B), irrespective of whether the payment order is ultimately executed.”.

Date

Name
Name

Two of the Lords Commissioners of His Majesty’s Treasury

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations amend provisions of the Payment Services Regulations 2017 which require payment service providers (PSPs) to execute payment transactions within maximum time limits (regulation 86). The amendments give a payer's PSP the ability to delay the execution of certain payment orders where, within a specified time, the PSP establishes reasonable grounds to suspect the order has been made subsequent to fraud or dishonesty perpetrated by a third party (which may include the payee). The delay is to be used to enable the PSP to determine whether the order should be executed and must not exceed a specified time limit.

Where the PSP exercises the ability to delay, these Regulations also make provision as to how and when the payer should be notified of the delay and for liability for any charges or interest incurred by the payer as a result.

A full impact assessment of the effect that this instrument will have on the costs of business, the voluntary sector and the public sector is available from HM Treasury, 1 Horse Guards Road, London SW1A 2HQ.

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