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# Rising APP fraud highlights need for CoP

**PayPoint urges use of Confirmation of Payee as Authorised Push Payment fraud increases 39%**

**The anti-fraud tool offers a lifeline by matching the intended recipient with the actual account name and flagging if incorrect**

05 July 2022 – Responding to the 2021 Fraud Report from UK Finance<sup>[i]</sup> which shows a 39% year-on-year rise in gross Authorised Push Payment (APP) losses, PayPoint is urging businesses to adopt the use of Confirmation of Payee as a prominent tool to combat payment fraud. The new UK Finance data reveals that a staggering £583.2m was stolen across 195,996 cases, underlining the significant threat to business and personal finances.

Faster Payments was the most common type of payment used by victims in APP scams at 97%. And while CHAPS was the least common method at just 0.2%, the high-value nature of these transactions meant that it accounted for 4% of the total value<sup>[ii]</sup>.

APP scams are commonly employed by fintech fraudsters who trick both the organisation and consumer by pretending to be either a recognised supplier or intended recipient. They typically intercept emails and replace anticipated invoices with their own fraudulent versions and bank details. However, Confirmation of Payee (CoP) validates recipient details, highlighting potentially fraudulent payments prior to the funds being processed, ensuring single payments and bills are made and received to the correct bank account.

Danny Vant, Client Services Director, PayPoint, said: “At a time when budgets are stretched to breaking point by rising utility and food costs, the significant jump in APP fraud is very concerning. Consumers and businesses are constantly given advice on how to detect and avoid fraud, but the rate at which criminals attack with increasingly sophisticated techniques makes it a difficult task to avoid their traps.

“This is what makes Confirmation of Payee such an important tool in the fight against fraud. It is a quick way to determine if the payment is heading to the right account and, crucially, it gives the payee account holder an opportunity to stop the payment. Without the use of Confirmation of Payee, once a payment is processed it is extremely difficult to get the money back as demonstrated by the recent UK Finance 2021 Fraud Report that showed 53% of losses from APP fraud were not returned to their victims.”

Reinforcing the value of APP fraud prevention in the current economic downturn, PayPoint recently announced that it had joined Pay.UK's CoP platform for its services supporting local government and utilities companies in delivering cost-of-living payments.

The service will inform the individual or organisation making the payment as to whether the recipient's name matches their bank account, if account switching is in progress, whether the account holder is deceased, and whether the account is closed. In addition to running checks to ensure money is being paid correctly, CoP is being used today to help Local Authorities and Energy companies disburse government aid funds to individuals in an effective and safe manner.

One of the first local authorities to make use of PayPoint's CoP service found that in 87% of proposed transactions the account name was a match or near match to the intended recipient. The checks flagged up 13% of transactions that were considered anomalies require further investigation.

PayPoint's participation in Confirmation of Payee will give greater assurance to organisations when making payments, ensuring a more rigorous approach to safety and security around transactions.