

responsiv

BRIEFING

# Enhancing Payment Security: Confirmation of Payee

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A hand holding a credit card with a glowing blue digital overlay. The card is tilted and shows a chip and the number 4159 321. The background is a bright blue with various geometric shapes and light effects.

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## Confirmation of Payee

Confirmation of payee (CoP) allows an account holder making a payment (Payer) to see the name of the account being paid (Payee) and whether the account is owned by a person or a company.

This creates an opportunity for the payer to check that the account is owned by the expected person or company, and to cancel the payment if anything seems unexpected.

## Fraud Prevention

In 2019 it is estimated that £207m was fraudulently stolen by asking victims to pay to an incorrect account (Source: Barclays).

This type of fraud is known as “Authorised Account Push Payment Fraud” and involves invoice impersonation, or impersonation of an executive requesting payment to an account.

## Regulation

The CoP regulations are issued by the Payment Systems Regulator as “Specific Directions”.

- Specific Direction 10 required certain payment service providers (PSPs) from the six largest banking groups to send and respond to CoP requests (March 2020).
- Specific Direction 17: Expanding Confirmation of Payee was published in October 2022 and applies to Group 1 and Group 2 PSPs. Group 1 must have and use the system after 31 October 2023, and Group 2 PSPs after 31 October 2024.

## Scope

Group 1 is a named group of institutions that are identified by the Payment systems regulator.

Group 2 consists of institutions that are banks, building societies, and account holding organisations that are a participant in Faster Payments or CHAPS, conduct relevant business, or have a unique sort code listed on the Extended Industry Sort Code Database (EISCD).

The system need only provide for CoP requests to be made, or responded to, if the sending and receiving accounts are both UK accounts.

Payee details

Personal account  Business account

Payee Name

Tax Office

**Caution! It's not a match.**  
Your payee details are not confirmed.  
This puts you at risk of being a victim of fraud. Variations in account details raised in the verification check could signal criminal activity.

Account number  
57383472

Sort code  
98-39-42

SRD/Roll number  
837570002

Confirm

Figure 1; <https://surepay.co.uk/confirmation-of-payee-for-psps/>

# Responsiv Cloud Open Finance Gateway

Responsiv Cloud Open Finance Gateway is a cloud software as a service product that securely and reliably hosts and offers Open Banking and other financial services programming interfaces.

Connection to internal systems is secured and managed by a client-side bridge, which assures a single point of connection and independence between the gateway and a financial institution's internal systems.

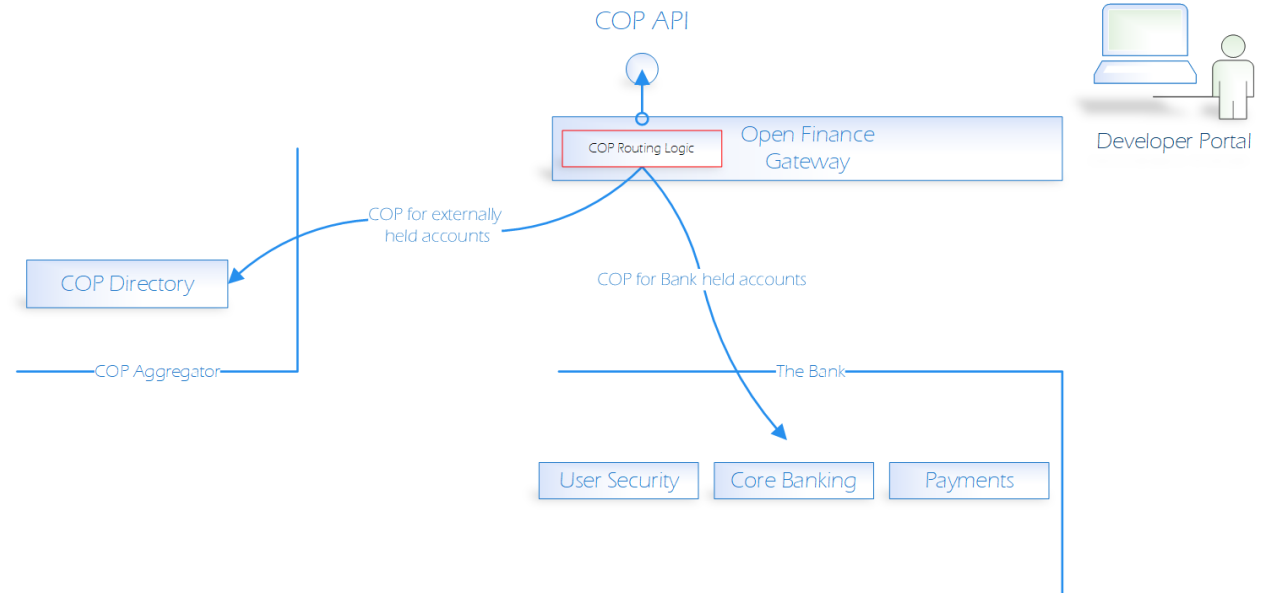
Application Programming Interfaces (APIs) are added to the platform using API packs, including custom API packs.

Responsiv has delivered Open Banking Software as a Service (SaaS) since March 2018.

## Confirmation of Payee

Confirmation of Payee is implemented as a customisable API pack (RA00CHB Responsiv Open Banking CoP-001 Pack).

Explanation of Confirmation of Payee



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Figure 2; Explanation of Confirmation of Payee

## Responder API (Home Accounts)

The CoP API can be called by a suitably authorised external party to request information about a “home account”.

The API determines whether the request is for a home account by referencing a list of IBAN, sort codes and account numbers for accounts held by the hosting organisation.

The API will initiate a request to the hosting organisation's internal systems and format and send a suitable response.

Use cases supported by the responder capabilities of the API are:

- Direct CoP requests by the payer organisation for payments to payee accounts held by the hosting organisation.
- Aggregator initiated requests for payments to payee accounts held by the hosting organisation. (Requires the API to be registered with the aggregator)
- Third Party Payment Providers can use this API as part of their Open Banking UK implementation to offer CoP inside their applications. (Subject to regulation)

## Requestor API (Externally Held Accounts)

The CoP API can be called to initiate a request for information from another financial organisation.

The API determines whether the request is for a home account by referencing a list of IBAN, sort codes and account numbers for accounts held by the hosting organisation.

Requests that are not for a home account are directed to the nominated aggregator.

Use cases supported by the requestor capabilities of the API are:

- Requests to the nominated aggregator for payments to payee accounts that are not held by the hosting organisation.

## Relevant Standards

POST /accounts/name-verification

The Responsiv API for confirmation of payee provides the Pay.UK defined response for name matching on a received name with the bank's stored name on the provided account details (Account Number + Sort Code) for natural persons and businesses.

Note that choice of aggregator may necessitate changes to this specification.

## References

<https://surepay.co.uk/confirmation-of-payee-for-psps/>

<https://openbanking.atlassian.net/wiki/spaces/DZ/pages/16385802/Specifications>

<https://developer.surepay.nl/inc-for-organisations/api-specification>

<https://www.openbanking.org.uk>

<https://sandbox-developer.santander.co.uk/sanuk/external-sandbox/api/confirmation-payee-inbound>

<https://sandbox-developer.santander.co.uk/sanuk/external-sandbox/product/confirmation-payee-2>

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## **Disclaimer**

Observations and recommendations documented in this briefing are based on our opinions, experience, and research at the time of publishing. They are as objective and representative as we can reasonably be, however, Responsiv makes no representation as to accuracy or fitness for purpose. Once you have chosen a course of action, it should be thoroughly evaluated to ensure its fitness for purpose.

## **About Responsiv**

Responsiv Solutions is a UK based company that specialises in delivering business integration across the enterprise, including API management, Business Process Automation, and Digital-SOA platforms. We work across many industries, including Retail, Financial Services, and Government.

Responsiv provide fully commissioned solutions that include all the software and professional services needed to deliver an integration platform to support your business plan and grow with your business.



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