

Notification of intention to grant permission under paragraph 2.6.2 of the PSA Code of Practice to merchant providers operating services exclusively through qualifying intermediary providers, enabling the merchant provider to provide those services without the need to register with the PSA

Background

Paragraph 2.6.2 of the PSA Code of Practice (15th edition) (“the Code”) allows registered providers to apply for written permission from the PSA (which may be given subject to conditions) for their service to be provided by means other than strict adherence to the Code provisions. Such permission can be withdrawn or varied by the PSA subject to the giving of reasonable notice.

This Notice sets out the details of the permission scheme and the criteria that intermediary providers must meet to be allowed to operate under the scheme.

Details of the permission scheme

Intermediary providers are able to seek permission for those merchant clients, who operate phone-paid services exclusively (i.e., those clients that connect solely through their payment platform in respect of the provision of phone-paid services, and do not use any other intermediary provider for the same purpose) through that intermediary provider, to operate without the need to register with the PSA. In order for permission to be granted, the PSA will need to be satisfied that the intermediary provider:

- holds a valid registration with the PSA
- operates its own registration and screening process for merchant providers (as part of its due diligence obligations)
- incorporates the PSA list of banned individuals into its registration and fraud screening processes
- provides a clear escalation pathway for consumers whose complaints are unresolved by the merchant, either through a facility operated by the intermediary or by clear and explicit agreement with each contracted UK mobile network operator
- provides the PSA with an up-to-date list of merchants who operate exclusively through their payment platform and benefit from the permission. The list is to be provided within five working days of notification by the PSA of approval of intermediary provider participation in the permission and/or any subsequent changes to merchant provider clients benefitting from the permission. The list should also include for each merchant provider client the names of the services they will operate, the payment mechanic each service will use, the price and charging frequency of each service, and which main category of service from the PSA’s registration list the services fall into.¹
- cooperates fully in responding to all requests from PSA that are made in accordance with the Code for example, providing information on relevant merchant clients. This is

¹ A list of categories can be found in [Appendix B of the PSA’s 2018 consultation on registration](#)

without prejudice to the requirement under paragraph 5.1.3 of the Code for co-operation during the PSA's engagement, enforcement or supervision activities.

This permission only applies to the requirement for merchant providers to register with the PSA. Participating intermediary providers will still be required to register with the PSA. Also, merchant providers that are granted permission not to register will continue to be responsible for compliance with all the other provisions set out in the Code (unless permissions have been granted to them specifically in respect of any other provision).

In accordance with paragraph 2.6.3 of the Code, details of any permission granted (e.g. details of the applicant, relevant Code provision and conditions but excluding any confidential information) will be published on the PSA website.

The PSA reserves the right following reasonable notice to withdraw or vary the operation of this permission, including in relation to any specific value chain or service. Prior to any withdrawal or variation, the PSA will engage with the network operator and, where appropriate, others in the value chain. Where a formal investigation is opened into any party that forms part of a value chain operating under the permission, this will automatically trigger consideration of whether the permission as relates to the service(s) affected or as a whole should be withdrawn or varied.

How to apply for this exemption

Intermediary providers that meet the conditions set out above and wish their merchant provider clients to benefit from the permission will need to apply to the PSA on behalf of their clients. Intermediary providers can apply by sending their request by email to the PSA at compliance@psauthority.org.uk, setting out how they meet the conditions.

The email should also provide a list of those merchant providers who would benefit from the permission, and evidence of:

- the intermediary provider's valid registration with the PSA
- its registration and screening process for merchant providers, and how this incorporates the PSA's list of banned individuals into these processes
- its arrangements to provide an escalation pathway for consumers whose complaints are unresolved by the merchant provider.

The PSA will consider any applications received and will endeavour to provide a written decision within six weeks. For each successful applicant the permission will commence once they have received notification from the PSA accordingly.