Draft Regulations laid before Parliament under sections 3(10) and 84(3) of the Financial Services and Markets Act 2023 (c. 29), for approval by resolution of each House of Parliament.

DRAFT STATUTORY INSTRUMENTS

2025 No. xx

FINANCIAL SERVICES AND MARKETS

The Payment Services and Payment Accounts (Contract Termination) (Amendment) Regulations 2025

Made - - - -	***
Coming into force - -	*28th April 2026*

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.

In accordance with sections 3(10) and 84(3) of the Act, a draft of these Regulations has been laid before, and approved by a resolution of, each House of Parliament.

Citation, commencement and extent

1.—(1) These Regulations may be cited as the Payment Services and Payment Accounts (Contract Termination) (Amendment) Regulations 2025.

(2) These Regulations come into force on 28th April 2026.

(3) These Regulations extend to England and Wales, Scotland and Northern Ireland.

Amendment of the Payment Accounts Regulations 2015

2.—(1) The Payment Accounts Regulations 2015(**b**) are amended as follows.

(2) In regulation 25 (refusal of application)(**c**), for paragraph (4), substitute—

"(4) Where a reason is given under paragraph (3), it must be sufficiently detailed and specific to enable the consumer to understand why the application has been refused, unless providing that information would be unlawful.

(5) Where notification of the refusal is given, the designated credit institution must advise the consumer of—

(a) how a complaint against the refusal may be made to it; and

(**a**) 2023 c. 29.
(**b**) S.I. 2015/2038.
(**c**) Amended by S.I. 2017/692.

(b) the right to make a complaint to the Financial Ombudsman Service.".

(3) In regulation 26 (framework contracts and termination)(**a**)—

(a) in paragraph (1), for "paragraphs (2) and (3)", substitute "paragraphs (2) to (9) below";

(b) for paragraph (3)(a), substitute—

"(a) in accordance with the relevant notice period specified in paragraph (3A);";

(c) after paragraph (3), insert—

"(3A) For the purposes of paragraph (3)(a), the notice period is—

(a) for a framework contract entered into before 28th April 2026, at least two months before the termination enters into force;

(b) for a framework contract entered into on or after 28th April 2026, at least 90 days before the termination enters into force.";

(d) for paragraph (7), substitute—

"(7) Any notification given by the designated credit institution under paragraph (3) must advise the consumer of—

(a) how a complaint against the termination may be made to it; and

(b) the right to make a complaint to the Financial Ombudsman Service.

(8) Paragraph (9) applies to a framework contract entered into on or after 28th April 2026.

(9) Where a notification given by the designated credit institution under paragraph (3) or (6) informs the consumer of the grounds and justification for termination, the notification must include an explanation of the reasons for termination which is sufficiently detailed and specific to enable the consumer to understand why the framework contract is being terminated, unless providing that information would be unlawful.".

(4) In paragraph 4(1)(e) of Schedule 3 (switching service)(**b**), for "regulation 51 (termination of a framework contract)" substitute "regulations 51 to 51D (termination of framework contract and exceptions to termination requirements)(**c**)".

Amendment of the Payment Services Regulations 2017

3.—(1) The Payment Services Regulations 2017(**d**) are amended as follows.

(2) In regulation 2(1) (interpretation), after the definition of "the SEPA regulation" insert—

""serious crime" means—

(a) an offence listed in Part 1 (England & Wales), Part 1A (Scotland) or Part 2 (Northern Ireland) of Schedule 1 to the Serious Crime Act 2007(**e**); or

(**a**) Amended by S.I. 2017/931, S.I. 2019/661.
(**b**) Amended by S.I. 2017/752.
(**c**) Amended by S.I. 2017/752, regulations 51 to 51D are substituted by regulation 3(4) of these Regulations.
(**d**) S.I. 2017/752, amended by S.I. 2018/1201.
(**e**) 2007 c. 27. Schedule 1 to that Act was amended by the Marine and Coastal Access Act 2009 (c. 23), Schedule 22; the Taxation (International and Other Provisions) Act 2010 (c. 8), Schedule 7, paragraph 101; the Bribery Act 2010 (c. 23), Schedule 1, paragraph 14; the Protection of Freedoms Act 2012 (c. 9), Schedule 9, paragraph 142; the Human Trafficking and Exploitation (Criminal Justice and Support for Victims) Act (Northern Ireland) 2015 (c. 2), Schedule 4, paragraph 7 and Schedule 5; the Serious Crime Act 2015 (c. 9), section 47 and Schedule 1, paragraph 31 and Schedule 4, paragraph 81; the Modern Slavery Act 2015 (c. 30), Schedule 5, paragraph 7; the Psychoactive Substances Act 2016 (c. 2), Schedule 5, paragraph 8; the Policing and Crime Act 2017 (c. 3), section 151; the Criminal Finances Act 2017 (c. 22), section 51; the Sanctions and Anti-Money Laundering Act 2018 (c. 13), Schedule 3, paragraph 5; the Counter-Terrorism and Border Security Act 2019 (c. 3), section 14; the Economic Crime and Corporate Transparency Act 2023 (c. 56), section 206; S.I. 2019/1354; and S.I. 2020/1309.

(b) conduct that would constitute an offence specified in sub-paragraph (a) if done in any part of the United Kingdom;".

(3) In regulation 41(2) (application of Part 6 in the case of consumer credit agreements) for "Regulations 50 (changes in contractual information) and 51 (termination of framework contract)" substitute "Regulations 50 to 51D (changes in contractual information and termination of framework contract etc.)".

(4) For regulation 51 (termination of framework contract) substitute—

"Termination of framework contract

51.—(1) The payment service user may terminate the framework contract at any time unless the parties have agreed on a period of notice not exceeding one month.

(2) Any charges for the termination of the contract must reasonably correspond to the actual costs to the payment service provider of termination.

(3) The payment service provider may not charge the payment service user for the termination of a framework contract after the expiry of 6 months of the contract.

(4) Where charges for the payment service are levied on a regular basis, such charges must be apportioned up until the time of the termination of the contract and any charges paid in advance must be reimbursed proportionally.

(5) Subject to paragraph (6), this regulation and regulations 51A to 51D (termination of framework contract and exceptions to termination requirements) do not affect any right of a party to the framework contract to treat it, in accordance with the general law of contract, as unenforceable, void or discharged.

(6) Discharge by agreement may not be relied upon to avoid the requirements in regulations 51B (termination of framework contract entered into on or after 28th April 2026) and 51D(1)(b) (exceptions to regulation 51B(3) in relation to certain public order offences etc.).

Termination of framework contract entered into before 28th April 2026

51A.—(1) The payment service provider may terminate a framework contract concluded for an indefinite period and entered into before 28th April 2026 by giving at least two months' notice, if the contract so provides.

(2) Notice of termination given in accordance with paragraph (1) must be provided in the same way as information is required by regulation 55(1) (communication of information) to be provided or made available.

Termination of framework contract entered into on or after 28th April 2026

51B.—(1) Before terminating a framework contract concluded for an indefinite period and entered into on or after 28th April 2026, the payment service provider must provide the payment service user with a notice of termination.

(2) The notice of termination must—

(a) contain an explanation of the reasons for termination which is sufficiently detailed and specific to enable the payment service user to understand why the framework contract is being terminated;

(b) be provided in the same way as information is required by regulation 55(1) (communication of information) to be provided or made available;

(c) advise the payment service user of—

(i) how a complaint against the termination may be made to the payment service provider; and

(ii) any right the payment service user has to make a complaint to the ombudsman scheme established under Part 16 of the 2000 Act (the ombudsman scheme).

(3) The notice of termination must be provided at least 90 days before the termination is to take effect.

(4) In the event of a conflict between a requirement in paragraphs (1) to (3) above and another legal requirement to which the payment service provider is subject, the other legal requirement prevails to the extent of the conflict.

Exceptions to regulation 51B(1) in relation to money laundering and immigration requirements etc.

51C. Regulation 51B(1) (requirement to provide termination notice) does not apply where—

(a) the payment service provider is required by regulation 27 of the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (customer due diligence)(**a**) to apply customer due diligence measures and is unable to apply them as required by regulation 28 of those Regulations (customer due diligence measures)(**b**);

(b) a payment account provided under the framework contract is required to be closed in accordance with section 40G of the Immigration Act 2014 (closure of accounts not subject to freezing order)(**c**);

(c) the payment service provider has reasonable grounds to suspect a payment service provided under the framework contract has been used, is being used or will be used in connection with a serious crime;

(d) in the exercise of their powers, the FCA, the Treasury or the Secretary of State require the framework contract to be terminated; or

(e) the payment service provider reasonably believes that—

(i) in the course of providing goods or services to a third party, the payment service user has engaged in conduct that involves, or is likely to involve, the commission of an offence; and

(ii) a payment service provided under the framework contract has been used in connection with that conduct.

Exceptions to regulation 51B(3) in relation to certain public order offences etc.

51D.—(1) Where any of the conditions in paragraph (3) below are met—

(a) regulation 51B(3) (minimum period for providing termination notice) does not apply; and

(b) subject to paragraph (2), the payment service provider must instead provide the termination notice referred to in regulation 51B(1) (requirement to provide termination notice) without delay following a decision by the payment service provider to terminate the framework contract.

(**a**) S.I. 2017/692, amended by S.I. 2019/1511, S.I. 2022/860.
(**b**) Amended by S.I. 2019/685, S.I. 2019/1511, S.I. 2020/991.
(**c**) 2014 c. 22. Section 40G was inserted by section 45(1) of, and paragraph (2) of Schedule 7 to, the Immigration Act 2016 (c. 19).

(2) In the event of a conflict between the requirement in paragraph (1)(b) above and another legal requirement, the other legal requirement prevails to the extent of the conflict.

(3) The conditions referred to in paragraph (1) above are—

(a) the payment service provider considers that the payment service user's conduct in relation to a person acting for or on behalf of the payment service provider amounts to the commission of an offence under—

(i) section 4 (fear or provocation of violence)(**a**), 4A (intentional harassment, alarm or distress)(**b**), or 5 (harassment, alarm or distress)(**c**) of the Public Order Act 1986(**d**);

(ii) Article 9 of the Public Order (Northern Ireland) Order 1987 (use of words or behaviour or display of written material)(**e**);

(iii) the Protection from Harassment Act 1997(**f**);

(iv) the Protection from Harassment (Northern Ireland) Order 1997(**g**); or

(v) section 38 of the Criminal Justice and Licensing (Scotland) Act 2010 (threatening or abusive behaviour)(**h**); or

(b) the payment service user provided incorrect information prior to, or when entering into, the framework contract, and had the correct information been provided the payment service provider would not have entered into that contract.".

(5) In paragraph 6(c) of Schedule 4 (prior general information for framework contracts), for "agreements relating to termination in accordance with regulation 51 (termination of framework contract)" substitute "terms in respect of termination required by or permitted under regulations 51 to 51D (termination of framework contract and exceptions to termination requirements).".

Name
Name

Date

Two of the Lords Commissioners of His Majesty's Treasury

(**a**) Section 4 was amended by sections 111 and 174(2) of, paragraph 26(1) and (3) of Part 1 of Schedule 7 to, and Part 2 of Schedule 17 to, the Serious Organised Crime and Police Act 2005 (c. 15).

(**b**) Section 4A was inserted by section 154 of the Criminal Justice and Public Order Act 1994 (c. 33) and was amended by sections 111 and 174(2) of, paragraph 26(1) and (4) of Part 1 of Schedule 7 to, and Part 2 of Schedule 17 to, the Serious Organised Crime and Police Act 2005 (c. 15).

(**c**) Section 5 was amended by section 57(2) of the Crime and Courts Act 2013 (c. 22), and sections 111 and 174(2) of, paragraph 26(1) and (5) of Part 1 of Schedule 7 to, and Part 2 of Schedule 17 to, the Serious Organised Crime and Police Act 2005 (c. 15).

(**d**) 1986 c. 64.

(**e**) S.I. 1987/463 (N.I.7).

(**f**) 1997 c. 40.

(**g**) S.I. 1997/1180 (N.I.9).

(**h**) 2010 asp 13.

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations amend regulation 51 of the Payment Services Regulations 2017 ("PSRs") to impose new requirements on payment service providers ("PSPs") in relation to the termination of framework contracts for payment services concluded for an indefinite period and entered into on or after 28th April 2026.

Regulation 3 substitutes regulation 51 of the PSRs with new regulation 51 and new regulations 51A to 51D.

Regulation 51 restates the requirements that apply to all framework contracts, regardless of when they were entered into.

Regulation 51A restates the notice requirements that apply to framework contracts concluded for an indefinite period and entered into before 28th April 2026.

Regulation 51B provides new notice requirements applying to framework contracts concluded for an indefinite period and entered into on or after 28th April 2026. The requirements include the following—

- PSPs must give 90 days' instead of two months' notice before the termination of a contract takes effect;
- the termination notice must also contain certain information, including an explanation of the reasons for termination which is sufficiently detailed and specific to enable the payment service user to understand why the framework contract is being terminated.

Regulation 51B(4) provides that in the event of a conflict between the requirements in regulation 51B and another legal requirement to which the PSP is subject, the other legal requirement prevails to the extent of the conflict.

Regulations 51C and 51D provide specific exceptions or modifications to the requirements in regulation 51B.

Regulation 51(6) provides that discharge by agreement may not be relied upon to avoid the new contract termination requirements in regulations 51B and 51D(1)(b).

Regulation 2 makes amendments to regulations 25 and 26 of the Payment Accounts Regulations 2015 mainly to bring the notice period and requirements to give reasons in line with the new requirements in the PSRs for contracts entered into on or after 28th April 2026.

The other amendments made in these Regulations are consequential to the substitution of regulation 51 of the PSRs described above.

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 and is published with the Explanatory Memorandum alongside this instrument on www.legislation.gov.uk.

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