NOCTULA RISK INTELLIGENCE

RESEARCH & INTELLIGENCE WEEKLY REPORT

Where the Money Goes After the Scam

Mule accounts, APP fraud and the shift of cost to the receiving side

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KEY TAKEAWAYS

- **The cost of APP fraud now lands on the receiving side.** Since 7 October 2024, UK sending and receiving firms share reimbursement liability equally, so an account that holds scam proceeds is a direct cost to the firm that hosts it.
- **The UK regime is working, with caveats.** An independent evaluation found in-scope losses fell about 21% (about £73m a year) in year one, but total reimbursement paid was broadly unchanged and some fraud moved to out-of-scope channels (Frontier Economics, 2026). Meanwhile UK Finance reports APP losses up 19% in 2025 on a different basis.
- **Mule chains are short, and the second account matters most.** The FCA found fraud proceeds usually cashed out after 2 to 5 mule accounts, with the highest concentration at the second (FCA, 2026).
- **Closures are an activity measure, not an outcome.** Firms closed 238,396 suspected mule accounts in 2025, up from 184,935 in 2023, but repeat accounts point to organised infrastructure that survives individual closures.
- **Next step.** Measure outcomes at each hop, build linked-account views beyond the first receiving account, and share intelligence across firms.

SUMMARY

Authorised push payment (APP) fraud ends where the money lands: in a mule account. This report is a narrative evidence review, not an original empirical study. It draws on UK regulator publications (FCA, Payment Systems Regulator), an independent evaluation of the UK reimbursement regime, UK Finance and FTC data, and EU legislative developments, to ask where the cost of APP fraud now falls and how funds move after the scam. We find that UK reimbursement rules have shifted cost onto the receiving side, where mule accounts sit; that cash-out usually happens within the first few accounts of a chain and most often at the second; and that counting closed accounts says little about whether fraud proceeds were stopped. We outline what stronger detection looks like and where the evidence is thin.

Keywords: Authorised Push Payment Fraud, Money Mules, Reimbursement, Network Analytics, Information Sharing

Disclosure. Noctula Risk develops AI-powered financial crime prevention technology for banks and FinTechs, and the recommendations in this report align with that business. Sources are cited so readers can verify the evidence independently, and figures that originate with vendors are identified as such.

1. INTRODUCTION: WHERE THE SCAM ENDS

In APP fraud the victim authorises the payment, so controls built to catch unauthorised access often do not apply. UK Finance reports that APP fraud losses rose 19 percent to £576.4 million in 2025, across 248,070 cases, up 7 percent. Investment scams were the largest category by value at £221.5 million, up 40 percent, while purchase scams made up 71 percent of cases. About two-thirds of cases began online and a further 17 percent through telecoms (UK Finance, 2026; Payment Expert, 2026). In the US, consumers reported $15.9 billion in fraud losses in 2025 across about 3 million reports, a figure the FTC itself describes as a fraction of actual losses (FTC, 2026). That US figure covers all fraud types, not only push payments.

Whatever the scam, the money has to land somewhere. That account is often held by a money mule, a person who receives or transfers criminal funds on behalf of others (FCA, 2026). Last week's report used a mule hub as an illustration of a pattern that only appears when data is viewed as a network. This week we look at the evidence that regulators have published since.

Two publications make this timely. In July 2026 an independent evaluation reported on the first year of UK mandatory reimbursement. On 23 September 2026 the FCA published its most detailed review yet of mule

activity, built on a survey of 35 firms and a case study of how fraud proceeds actually move (Exhibit 1).

Exhibit 1. Key figures, with period, geography and caveats

Measure	Figure	Period / geography	Source	Caveat
APP fraud losses	£576.4m, up 19%; 248,070 cases, up 7%	2025, UK	UK Finance (2026)	Industry-reported by date reported; investment scams were £221.5m, up 40%
APP losses reimbursed	£354.3m (61% of losses)	2025, UK	UK Finance (2026)	All APP losses; UK Finance also reports 88% of in-scope losses reimbursed
Eligible APP claims reimbursed	88% (£173m)	7 Oct 2024 to 30 Sep 2025, UK	PSR (2026)	In-scope claims closed within the period
Change in in-scope APP losses	Down about 21% (about £73m a year)	First year of policy, UK Faster Payments	Frontier Economics (2026)	Dated by when the scam occurred; not comparable with UK Finance; first year only
Suspected mule accounts closed	238,396 (184,935 in 2023; 233,269 in 2024)	2025, 35 UK firms surveyed	FCA (2026)	Suspected, not confirmed; an activity measure, not an outcome
Mule accounts before cash-out	Usually 2 to 5; highest at the second	2025, 140 cases, 22 firms, 7 fraud types	FCA (2026)	Highest-value payments traced; small case sample
Consumer fraud losses reported	$15.9 billion	2025, US	FTC (2026)	All fraud types, not only push payments; a fraction of actual losses

Sources as listed; full references at the end of the report. Figures use different bases and are not directly comparable.

2. SCOPE, METHOD AND LIMITATIONS OF THE EVIDENCE

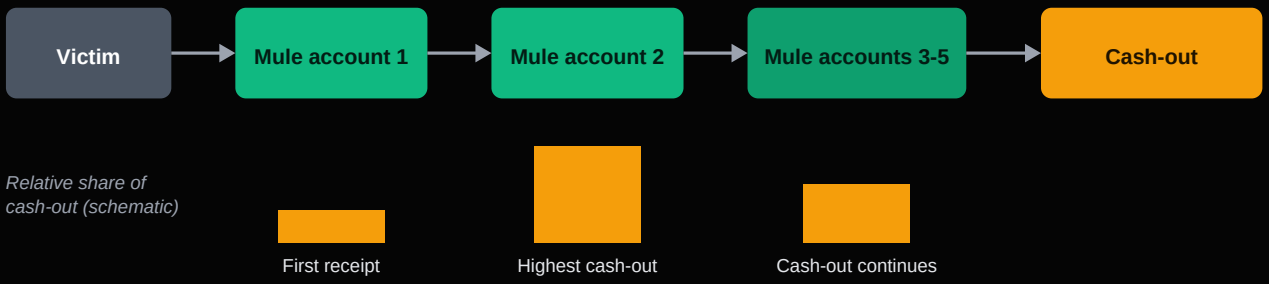
This report is a narrative review and reports no original data. Sources were chosen for relevance to APP fraud and mule activity, and drawn from regulators (FCA, PSR, FTC), a trade body (UK Finance), an independent evaluation commissioned by the PSR, law-firm and consultancy commentary on EU legislation, and infrastructure-provider material on mule detection. Online sources were retrieved in October 2026.

Four limits apply. First, the evidence is UK-heavy because the UK publishes the most granular public data. Second, UK figures use different bases: UK Finance counts by date reported, the Frontier evaluation by date the scam occurred, and the PSR dashboard counts claims closed within the period, so figures that look contradictory may not be. Third, mule figures are suspected accounts reported by firms, not confirmed mules. Fourth, we relied on a law-firm summary and a consultancy note for the Frontier evaluation, so the full evaluation should be read for detail.

3. EVIDENCE: HOW FUNDS MOVE AFTER THE SCAM

The FCA's review combined a survey of 35 firms with a public-private working group of 22 firms. The group examined 140 cases across seven fraud types, tracing the highest-value payments through successive accounts until the funds could no longer be followed, then pooling intelligence on where the money went next (FCA, 2026). Its main findings are shown in Exhibit 2.

Exhibit 2. How fraud proceeds move through mule accounts



Cash-out routes found: card spending (most common); international transfers; crypto (fewer, but larger).

Schematic. Source: FCA (2026): cash-out was mainly concentrated between the second and fifth mule account, with the highest concentration at the second. Bar heights are illustrative.

Chains are short and fragmented. Funds were usually cashed out after moving through two to five mule accounts, broken into smaller and less conspicuous payments along the way. Retail banks saw most transactions passing through mule accounts, while EMIs, payment institutions and other non-retail firms saw fewer transactions of higher value. Card payments were the most common cash-out method, which is harder to detect because it can resemble ordinary consumer spending. International destinations recurred, including South Asia, West Africa and the Middle East, and crypto cash-outs were less frequent but larger in value. Some accounts were used repeatedly and across several fraud types, which the FCA reads as organised criminal infrastructure rather than opportunistic misuse (FCA, 2026).

Closures are rising, but slowly now. Firms closed 184,935 suspected mule accounts in 2023, 233,269 in 2024 and 238,396 in 2025. Electronic money institutions saw the sharpest rise, up 164.6 percent on 2024, and challenger banks accounted for 33 percent of 2025 closures. The FCA cautions that this may reflect customer growth and better detection rather than a larger mule share (FCA, 2026).

Many accounts are caught early, but the data has limits. Of the accounts closed in 2025, 47.1 percent were within a year of opening, and for EMIs and payment institutions 74.1 and 56.9 percent respectively were closed within six months. The FCA notes that this shows account age at closure, not when mule activity began. Personal accounts made up 93.2 percent of closed customers, people aged 18 to 39 made up 71.9 percent, and the sharpest increase was among 40 to 49 year olds (FCA, 2026).

Intelligence sharing lags. The share of closed customers filed to the National Fraud Database fell from 17.4 percent in 2024 to 15.3 percent in 2025. The FCA notes that a new filing category introduced in 2025 means the years are not directly comparable, but it stresses that sharing remains important (FCA, 2026).

4. WHO PAYS: THE REGULATORY SHIFT

The UK requires sending and receiving payment firms to share the cost of reimbursing eligible APP victims equally, up to £85,000 per claim, with payment generally due within five business days. It has applied since 7 October 2024 (Bratby, 2026). In the first year, 88 percent of the money lost to reimbursable scams, about £173 million, was returned to victims, and only about 3 percent of claims were rejected for insufficient consumer caution (PSR, 2026). Because liability is shared, a receiving firm that hosts a mule account now bears part of the loss, which gives it a direct financial reason to find such accounts early.

Exhibit 3. Three approaches to who bears APP fraud losses

	Who reimburses victims	Status (sources reviewed)	Notes
UK	Sending and receiving firms share liability equally, up to £85,000 per claim; payment generally within five business days	In force since 7 October 2024 (Faster Payments; parallel CHAPS rules). Consultation due December 2026; decision expected May 2027	Rates vary widely between firms (21% to 94%). International and crypto-bound scams fall outside the requirement
EU	Refund where a fraudster impersonates the customer's own bank or its staff and the customer reports to police. Platforms may be liable to firms that reimbursed if they fail to remove notified fraudulent content	Provisional agreement 27 November 2025; committee approval reported May 2026; formal adoption pending in the sources reviewed	Narrower than the UK: not all APP scams. Payee name and IBAN verification becomes mandatory; application expected 18 to 24 months after entry into force
US	No general federal reimbursement for payments the customer authorises	Regulation E covers unauthorised transfers; reimbursement bills were proposed in Congress in 2024; we found no enacted change	Bank and network policies vary and we did not review them

Status as of the sources reviewed (October 2026). Sources: Bratby (2026); Taylor Wessing (2025); PwC (2026); PYMNTS (2022); PaymentsJournal (2024).

What the independent evaluation found. Frontier Economics estimated that in-scope APP losses over Faster Payments fell about 21 percent in the first year, about £73 million a year, and that reimbursement of confirmed losses by value rose from 54 to 65 percent. Firms spent an estimated £44 million to £56 million a year on non-reimbursement costs, mostly fraud detection and prevention, while total reimbursement paid across the market was broadly unchanged, because lower fraud offset higher reimbursement rates. The short-term net benefit was estimated at £17 million to £29 million a year (Frontier Economics, 2026; Bratby, 2026).

Where it falls short. International APP scams, which sit outside the requirement, rose from £21 million in 2023 to £60 million in 2025, and scams to crypto exchanges rose indicatively from about £59 million to £153 million. Allowing for displacement and for scams not yet reported, Frontier's estimated net benefit narrows to between minus £4 million and plus £8 million. Reimbursement rates ranged from 21 to 94 percent across firms (Frontier Economics, 2026; Bratby, 2026). The PSR will consult in December 2026 and expects to decide in May 2027.

Why the UK numbers seem to conflict. Frontier measures in-scope Faster Payments losses by the date each scam occurred over the first year, while UK Finance reports all APP losses by calendar year of reporting, including investment scams that are slow to surface. Commentators note that an evaluation covering one year may not yet capture such long-running scams (Grant Thornton, 2026; Bratby, 2026). The two findings can both hold: in-scope losses can fall while total reported losses rise. The PSR's own data also show that most fraud originates on online platforms and telecoms networks, outside the payments system (Bratby, 2026).

The EU is moving in the same direction with a narrower scope. The provisional PSD3 and Payment Services Regulation agreement requires payee name and IBAN verification, refunds for bank-impersonation fraud, and potential platform liability to firms that reimbursed victims (Taylor Wessing, 2025; PwC, 2026). In the US, Regulation E does not generally reach payments a customer authorises, and we found no enacted change since proposals in 2024 (PYMNTS, 2022; PaymentsJournal, 2024); we did not verify later developments.

5. DETECTION: WHAT THE EVIDENCE SUPPORTS

The FCA expects firms to look beyond the first receiving account, to linked accounts, payment characteristics and the wider transaction context, and to share information, including through the voluntary provisions of the Economic Crime and Corporate Transparency Act 2023 (FCA, 2026). Four capabilities follow from the evidence.

1. **Early-life monitoring.** Nearly half of 2025 closures came within a year of account opening, and most EMI closures within six months, so the first weeks of an account's life look like a high-value window, although the data cannot show when activity actually began.
2. **Linked-account views inside the firm.** A chain of two to five accounts, with funds split into smaller payments, is a relationship problem. Resolving entities across customer records and connecting devices, addresses and counterparties makes an account's links to previously closed mules visible, the capability described in last week's report.
3. **Cross-firm tracing.** Pay.UK's Mule Insights Tactical Solution, launched in 2018, combines payments data from multiple banks to map how funds move. Its pilot reportedly found hundreds of mule accounts that had previously been unknown (Pay.UK, 2018). That evidence is infrastructure-provider reported and now dated, but it supports the principle that a single firm sees only part of a chain.
4. **Intelligence sharing.** The FCA's working group is itself an example: members pooled information on where funds went next. The decline in National Fraud Database filing rates suggests the routine version of this is still underused.

What the evidence does not show. We found no independent, peer-reviewed evaluation of network-based mule detection at a bank. The best public evidence is regulator-collected survey data, a 140-case multi-firm study of the highest-value payments, and vendor-reported pilot results, and the case study may not generalise to lower-value fraud.

6. RISKS AND LIMITS

- **People, not only criminals.** Individuals are often enticed into providing accounts through false promises of easy money, such as fake cash jobs (FCA, n.d.). Under-18s were 3.7 percent of 2025 closures. Closure decisions need vulnerability checks, evidence standards and appeal routes.
- **Displacement.** The UK evidence already shows growth in international and crypto-bound scams outside the requirement. Tighter controls in one channel can push activity into another.
- **Measurement.** Suspected-account counts depend on each firm's thresholds, and a closed account is not a stopped payment. Differences in how firms apply reimbursement rules (21 to 94 percent) show how far definitions vary.
- **Data and privacy.** Information sharing under the 2023 Act is voluntary, and firms must still meet data-protection obligations when linking accounts and sharing intelligence.
- **Single-firm blind spots.** Cash-out concentrated at the second account means the decisive hop is often at a different firm from the one the victim paid.

7. RECOMMENDATIONS

For institutions

1. **Measure outcomes at each hop.** Track time from first receipt to detection, the share of funds stopped at the first and second accounts, the repeat-mule rate and funds recovered, alongside closures.
2. **Prioritise the first two receiving accounts.** Combine early-life account monitoring with rapid review of accounts linked to funds that have just arrived.

3. **Build linked-account views.** Resolve entities across records and connect shared devices, addresses and counterparties, so links to known mules are visible at onboarding and on receipt of funds.
4. **Share intelligence consistently.** File to the National Fraud Database where thresholds are met, use the 2023 Act provisions where appropriate and take part in public-private working groups.
5. **Handle people carefully.** Record the evidence behind each closure, assess vulnerability and provide a route to challenge the decision.

For the sector

6. **Standardise mule definitions and reporting** so that firm-level figures are comparable across years and firm types.
7. **Measure upstream sources.** The PSR's December consultation is due to cover new annual data collection on the platforms and services that fraudsters use (Bratby, 2026), and UK Finance calls for enforceable responsibilities on platforms and telecoms (UK Finance, 2026).

8. CONCLUSION

APP fraud is a payments problem at the point of loss and a network problem afterwards. UK reimbursement rules have shifted cost onto the receiving side, an independent evaluation finds a modest net benefit in year one, and the FCA's latest review shows why the receiving side matters: proceeds are usually cashed out within a few accounts, often at the second, and the same accounts recur.

Counting closures says how busy firms are, not how much was stopped. The sensible next step is to measure outcomes at each hop, connect accounts across the firm and, where lawful, across firms, and test those approaches against the evidence as it improves. Public evidence for network-based detection is still thin, and claims for it should be tested in controlled pilots.

WHAT TO WATCH

- **December 2026:** PSR consultation on changes to the UK reimbursement requirement, with a decision and revised directions expected in May 2027 (Bratby, 2026).
- **FCA and National Economic Crime Centre alert:** the FCA said it is working with the NECC on a further alert detailing the working group's findings (FCA, 2026).
- **EU PSD3 and PSR:** formal adoption and the start of the application clock for payee verification and impersonation-fraud refunds (PwC, 2026).

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