

CASS 15 safeguarding: what payment firms need to evidence

A quick guide to what's changed since the FCA's updated safeguarding regime went live

CASS 15 went live on 7 May 2026. Under the new requirements, payment and e-money firms must meet a more prescriptive standard for safeguarding customer funds.

The regime places greater emphasis on daily reconciliation, accurate records, monthly reporting,

audit evidence, resolution pack readiness and senior oversight.

For firms, the practical test is simple: can you show that relevant funds are properly identified, recorded, protected and evidenced on an ongoing basis?

Who is in scope?

CASS 15 applies to firms that receive or hold relevant funds in connection with payment services or electronic money, including:

- Authorised payment institutions
- Small e-money institutions
- Small payment institutions that opt in to safeguarding
- Authorised e-money institutions
- Credit unions issuing e-money in the UK

Firms that only provide payment initiation or account information services, and do not hold relevant funds, are generally out of scope.

What's changed?

Daily safeguarding reconciliation

Firms must perform internal and external safeguarding reconciliations at least once on each reconciliation day.

It is a standing control that must run reliably, with consistent logic, clean inputs and evidence retained.

Monthly safeguarding return

Firms must submit a monthly safeguarding return to the FCA.

The return gives the regulator a recurring view of safeguarding arrangements, including whether reconciliations have been performed as required.

Annual safeguarding audit

Most firms must arrange an annual safeguarding audit by a qualified auditor.

Auditors will need to assess whether safeguarding controls are operating effectively, supported by records, reconciliation outputs, exception handling and audit trails.

CASS resolution pack

Firms must maintain a CASS resolution pack under CASS 10A.

The pack should show where relevant funds are held, how safeguarding arrangements operate and how funds could be returned to customers if the firm fails.

Acknowledgement letters

Firms must maintain safeguarding account acknowledgement letters for relevant banks and custodians.

These letters help evidence that safeguarded funds or assets are held separately from the firm's own money.

Third-party oversight

Firms must evidence due diligence over banks, custodians, insurers, guarantors and other relevant third parties.

They must also consider whether diversification is appropriate and document the reasoning behind their arrangements.

What good looks like under CASS 15

The firms best placed under CASS 15 will treat safeguarding as a daily operating discipline, not a month-end reporting exercise.

5 questions to ask before your first safeguarding audit

01. Can we evidence that internal and external reconciliations have run on every reconciliation day?
02. Can we explain the calculation behind our safeguarding requirement and safeguarding resource?
03. Are reconciliation breaks clearly logged, owned, escalated and resolved?
04. Are acknowledgement letters, third-party records and resolution pack materials complete and up to date?
05. Could we provide the evidence an auditor needs without rebuilding it manually?

1 Reconciliation runs without heroics

The process should not depend on one person knowing the spreadsheet, workaround or sequence of checks.

Daily reconciliation should be repeatable, documented and resilient.

2 Data is clean and traceable

Safeguarding depends on reliable data from banks, processors, ledgers, custodians and internal systems.

Firms need a clear route from source data to safeguarding calculation.

3 Exceptions are visible and owned

Breaks should be identified quickly, assigned to the right owner and tracked through to resolution.

Exception management is part of the control, not an afterthought.

4 Evidence is produced by the process

Records should not have to be rebuilt when an auditor or regulator asks for them.

Reconciliation outputs, sign-offs, exception logs, acknowledgement letters and resolution pack materials should already exist.

5 Governance connects to the workflow

Senior oversight needs to reflect operational reality.

Boards and senior managers should be able to see that safeguarding controls are running, exceptions are managed and evidence is available.