



Policy towards the treatment of vulnerable customers

Scope

The protection of vulnerable customers has been a priority of the FCA, and as a firm we have acknowledged that customer vulnerability is something we must be able to identify and respond to.

In writing this policy, we have looked at four areas, key to dealing with customer vulnerability:

- Understanding vulnerability
- The skill and capability of our staff
- Practical action we can take (including through our customer services and communications)
- Monitoring and evaluating

Understanding vulnerability

The FCA regards a vulnerable customer as “someone who, due to their personal circumstances, is especially susceptible to detriment, particularly when a firm is not acting with appropriate levels of care”.

Some vulnerable customers may be unable to make an informed decision at the time we are dealing with them, and as such, may struggle to decide on whether the product/service we are offering is in their best interests.

Vulnerability may be a permanent or transient condition and could be an issue for existing customers, as well as new customers.

A customer’s welfare could be put at risk through choosing an inappropriate or unsuitable product from us. We need to ensure that no customer would be put at detriment from taking any policy from us and as such, will provide additional help and support where it is warranted by the situation.

By understanding vulnerability, we are better able to treat our vulnerable customers fairly. While we accept that it is not possible for us to identify the vulnerabilities of each and every one of our customers, we have identified certain risk factors which may tend towards a vulnerability (but does not mean the customer needs to be treated as vulnerable), these include:

- Age
- Mental health issues
- Cultural barriers
- Bereavement
- Health problems
- Being a carer
- Loss of income
- Relationship breakdown
- Learning disabilities
- Physical disabilities
- English as a second language
- Low literacy
- Living in a ‘high risk’ area
- Lack of internet access
- Inexperience

Mental Capacity

A person’s mental capacity is their ability to make decisions. Whether that person has the ability to understand, remember, and give due consideration to relevant information will determine whether they



are able to make an informed decision based on that information, and how effectively they will be able to communicate that decision.

Mental Capacity - Decision Making

We must consider mental capacity in the context of the specific decision taken at a specific time, as mental capacity limitations be temporary, permanent, or fluctuate over time.

As a result, the fact that a customer may not have had the mental capacity to make a particular decision in the past, does not mean that they do not currently have, or will never have again, the capacity to make such a decision.

There are likely to be limited circumstances in which we have substantive evidence that a customer has a mental capacity impairment. We must therefore remain vigilant and exercise a cautious and understanding approach at all times.

Neurodiversity

Neurodiversity manifests in several ways, which may not be immediately obvious or visible. For example, an individual may struggle to maintain concentration during a conversation, avoid making eye contact or may have difficulty interpreting vocal tone or body language.

Neurodiverse individuals may also struggle to regulate their emotions, for example becoming overly emotional, angry or aggressive with apparently little or no cause.

Financial Literacy

While it may often be difficult for us to differentiate a mental capacity limitation from a financial literacy limitation, they are not the same.

Limited financial literacy is likely to develop from an inadequate financial education and a lack of understanding around money and finances. This may result in someone feeling insufficiently empowered to manage their finances, make informed decisions, and engage confidently with us.

Signs of Vulnerability

We have identified a number of signs indicating vulnerability which may become obvious when we are communicating with the customer. These include:

- An inability to hear or understand what is said
- Repetition of questions or statements
- Comments or answers which are not consistent with the discussion or which indicate a general lack of understanding
- Difficulties in making relatively straightforward decisions
- Someone else prompting or assisting the customer during a conversation

Many vulnerable customers may be able to deal with their financial arrangements and obtaining financial services without the need for special arrangements; however, we aim to ensure that they are identified and treated fairly and appropriately at all times.

The FCA's own research has highlighted some of the main consequences of vulnerability which include, but are not limited to:

- Heightened stress levels – due to difficult personal circumstances



- Lack of perspective – not fully understanding the broader implications or seeing the ‘bigger picture’
- Increased likelihood of making a mistake – when making buying decisions
- Increased possibility of negative impact on customers – vulnerability may affect the way a customer interacts with a firm and their understanding of the complex nature of financial services

The overall impact may lead to an increased risk of detriment or harm, (although the risk may not develop into actual harm) resulting in vulnerable customers being more likely to experience:

- Financial exclusions – vulnerable customers may not have a bank account
- Difficulty in accessing services – rural premises cannot get access to a good broadband signal, compared to urban areas
- Partial exclusion – vulnerability may mean a customer is unable to search effectively and obtain the best deal
- Disengagement with the market – vulnerable customers are less likely to switch products and/or providers regularly
- Mis-selling and scams – a vulnerable customer is much more susceptible to scams and mis-selling
- Over-indebtedness – vulnerable customers are more likely to fall behind on credit commitments and household bills
- Inability to manage a product or service – being less likely to understand their product and how it operates on an ongoing basis
- Buying inappropriate products or services – purchasing in error a product or service which is inappropriate for their needs, due to a lack of understanding of the product they are buying

It is important to understand that when dealing with commercial customers, vulnerability may manifest differently to when we interact with individuals. In addition to the causes of vulnerability mentioned above, we have identified further possible causes of vulnerability for our commercial customers:

Complex Decision-Making Process

Commercial customers often fact complicated decision-making processes that will involve and/or effect multiple stakeholders. Their vulnerability may arise when having to navigate these complexities, especially when making strategic or financial decisions.

Financial Exposure

Typically, commercial customers will be dealing with larger financial transactions. This may give rise to vulnerability when they lack expertise in specific areas or face unexpected risks.

Power Dynamic

Some commercial customers may perceive an imbalance of power when they are dealing with a large corporate entity in the insurer. They may feel vulnerable when negotiating with a large corporation or dealing with contract terms.



Emotional Resilience

While our customer may be a commercial entity, we are dealing with individuals within the firm, who may be facing personal challenges. While presenting a professional façade, the individual may be experiencing their own issues. For example, in the work environment, leadership challenges, being subject to disciplinary proceedings, or job uncertainty. Alternatively, they may be facing personal difficulties, such as financial distress, suffering from ill health or long-term illness, dealing with the loss of a loved one, or helping them through a long-term illness. Each of these may affect their decision-making abilities.

Regulatory Compliance

Commercial customers may be required to adhere to industry regulations and legal requirements, which may be complex. Non-compliance can lead to legal and financial risk. Compliance with these requirements may be complex and increase pressure on our customer.

Information Asymmetry

Commercial customers will be knowledgeable about their own market and industry sector, but may lack information about specific markets, technologies or legal nuances. Vulnerability may arise when the firm relies on external expertise.

Customer vulnerability is multifaceted and is context dependent. We will always work to ensure that we deliver good outcomes for our customers and that we can respond appropriately to their unique needs and circumstances.

Conduct of business

Just because someone may be vulnerable, it does not automatically mean that they are unsuitable for the products and services we provide. As soon as we suspect that we may be dealing with a vulnerable customer, we must make a note on the records and comply fully with the processes and procedures documented in this policy.

When engaging with customers we listen carefully and take into account their personal characteristics and circumstances. In the event we suspect that a customer might be vulnerable, we document any concerns and follow the procedures set out in this policy.

When designing our policy, processes, and procedures, we have sought to ensure that each one of our customers can be confident, that at all times, we are working in their best interests to ensure they have:

- access to appropriate products which are clear, transparent, and easy to understand
- a choice in how they wish to communicate with us
- individual attention and a personalised service which avoids stock responses and “computer says no” responses
- a tailored response which is flexible enough to be able to respond quickly in the event of a sudden change in their circumstances
- the attention of someone who will take the time to listen, who is empathetic and responsive enough to let the conversation take its natural course, and who is sufficiently trained to spot signs of vulnerability and refer on to a more experienced colleague where necessary



- access to someone who has the authority and discretion to take a tailored approach to the situation if necessary
- the knowledge that information disclosed about their personal circumstances will be treated in confidence by the firm and recorded so that it does not have to be repeated

We aim to give each customer the individual approach they need, while maintaining consistency with our service standards, and assist when a person has a power of attorney or other authority to act on the customer's behalf.

Some vulnerable customers may require the assistance of third parties, such as carers, family members, advocates, and other representatives. We work with such third parties to assist our customer, but will at all times maintain the necessary level of customer confidentiality.

Where appropriate, we may suggest to a vulnerable customer that they should contact support agencies that may be able to provide relevant assistance.

Systems and controls

The FCA expects firms to treat all customers, including vulnerable customers, fairly by securing a fair degree of protection for them.

Paying due regard to the general principle that those providing regulated financial services should be expected to provide customers with a level of care that is appropriate. Considering, amongst other things, the capabilities of the customer in question, we have implemented systems to help us best understand the level of care required for a vulnerable customer, which may be different from other customers.

Our internal systems and controls aim to ensure:

- all relevant staff are aware of this policy and receive annual training on both the Consumer Duty and vulnerable customers
- our customer facing staff have sufficient training/experience to identify a potentially vulnerable customer, and to know what to do about it
- we do not unfairly discriminate against a customer because of their personal circumstances
- we collate relevant Management Information (MI)
- we regularly review our systems and procedures to ensure we are responding appropriately to the needs of vulnerable customers
- we have embedded TCF and customer vulnerability within our corporate culture
- we incorporate sufficient flexibility in our business processes and procedures to enable us to identify and respond to the needs of vulnerable customers
- our staff are available by telephone enabling a customer to speak to us, should they want or need to do so
- our sales process provides clear information enabling customers to make an informed choice about our products and services
- our marketing material is clearly distinguishable from product information, policy documentation, invoices, statements, renewal invitations, and any other contractual material.

Where we work with third parties, for example premium finance providers, claims management companies and insurance companies, and feel it appropriate to share with them that we have identified a customer as being vulnerable, this will be done in a timely manner to avoid customer detriment arising. Having documented our systems, we will liaise directly with the third party to provide full



circumstances and our reason for considering the customer vulnerable. In the first instance, the necessary information will be communicated verbally, but will be followed up in writing via E-Mail. We will work closely with our business partners to ensure that all parties involved in the delivery of the insurance contract and associated services, provide suitable support to our customers so that they may receive good outcomes and achieve their financial objectives

This policy is reviewed annually, which helps us to regularly consider, and where necessary, to modify our service provision in line with good practice and the FCA's objective to secure an appropriate degree of protection for customers.

Delivering Good Outcomes For Vulnerable Customers

We strive to always respond to customer vulnerability in a way which is sensitive and responsible, while providing products and services which meets their demands and needs.

If we suspect that we are dealing with a vulnerable customer, we make a record of this and proceed in accordance with this policy.

Should we consider a customer to be a vulnerable customer we:

- give the customer ample opportunity to ask questions about the information we are providing
- seek verification from them that they have understood the information we are providing
- where appropriate, ask if they have anyone available able to assist them and work with them
- if appropriate, we make it possible for them to speak to a senior colleague or a member of staff with more relevant experience
- offer them the chance to complete the transaction after a further period of time
- do not proceed with the transaction if it is clear that the customer does not understand the product or service being offered, or is unable to make an informed decision
- offer to provide the customer with additional details (in writing where appropriate) to enable them to consider the product or service in their own time

If any member of staff has concerns about the vulnerability, or potential vulnerability, of a particular customer and feel they warrant further consideration or assistance, they are required to refer the matter to Jordan Barnard.

Debt recovery

Customers experiencing financial hardship may find themselves in a position of being unable to pay their premiums or instalments. As such, we would consider them to be vulnerable by virtue of their financial circumstances, together with their financial literacy, as outlined above.

We acknowledge that there may be other issues the customer is facing, when dealing with debt, for example mental health issues such as anxiety and depression. Where we suspect the customer is in such circumstances, we will review our normal debt recovery process on a case-by-case basis and will consider suspending recovery of a debt from a customer when:

- (1) we have been notified that the customer might not have the mental capacity to make relevant financial decisions about the management of their debt and/or to engage in the debt recovery process at the time; or



(2) we understand, or ought reasonably to be aware, that the customer lacks mental capacity to make relevant financial decisions about the management of the debt and/or to engage in the debt recovery process at the time.

However, we will pursue the debt through a responsible third party acting on behalf of the customer, where the customer has given prior consent, for example, under a registered lasting power of attorney.

This policy, and matters arising from it, are reviewed annually by Mr J Barnard, Head of Strategy.

Staff Notice

Should you feel it appropriate or necessary, you can refer a vulnerable customer to the following agencies/counselling services:



DMA Guidelines for call centres dealing with vulnerable customers: http://dma.org.uk/uploads/call-centres-vulnerable-consumers_final_53d7c237289c1.pdf

Mental capacity guidance – FCA Handbook: <http://fshandbook.info/FS/html/FCA/CONC/2/10>

FCA Paper – Consumer vulnerability & practitioner pack:

<http://www.fca.org.uk/static/documents/occasional-papers/occasional-paper-8.pdf>

Money Advice Liaison Group’s “Good Practice Awareness Guidelines for Consumers with Mental Health Problems and Debt”:

<http://www.malg.org.uk/dmhddocuments/Mental%20Health%20Guidelines%20Ed%202%20Final%202009.pdf>

Support agencies (check locally for others)

Money Advice Service: www.moneyadviceservice.org.uk or phone 0300 500 5000

AdviceUK - Member centres offer debt advice including specialist advice for minority communities and people with disabilities: www.adviceuk.org.uk or phone or phone 0300 777 0107

Citizens Advice - For advice and information on debt and other topics: local Citizens Advice Bureau (address in the phone book) or go to www.adviceguide.org.uk

Age UK: www.ageuk.org.uk or phone 0800 169 6565

National Debtline for England, Wales and Scotland: www.nationaldebtline.org or phone 0808 808 4000