Improving outcomes for customers in vulnerable circumstances
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February 2016

The voice of banking

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Ensuring that customers in vulnerable circumstances are treated not only fairly but with empathy and sensitivity to their circumstances is a growing priority for the financial services industry. That is why the industry, together with charities and consumer groups, proactively joined forces last year to launch the very first Vulnerability Taskforce in order to look at how the experience and outcomes for customers in most need can be improved.

It is important to recognise that no two vulnerable customers are the same. Vulnerability is a dynamic state, which is affected by personal factors, life events and wider circumstances or relationships, including those between customers and their bank or other financial service providers.

The financial services industry has a duty to treat customers fairly across the board, including society’s most vulnerable. The Vulnerability Taskforce identifies specific policies and practices that can be improved through a joint effort by financial services firms, the industry as a whole, regulators and other bodies.

The industry is working hard to better serve those who need support but there is no room for complacency. It is not always easy to detect the signs of vulnerability, and people do not always feel comfortable talking about their personal circumstances. We hope however, that this Taskforce will find ways to improve the experience of people and families when they interact with the financial services sector at a time of need.

The contribution to this work from banks, trade associations, consumer groups and other sectors has been very positive. I look forward to seeing how the Taskforce recommendations will be taken forward by individual banks, building societies and the industry as a whole, so that the financial services can set the gold standard when it comes to dealing with customers in vulnerable circumstances.
Improving the experiences and outcomes for customers who are vulnerable – whether they are accessing a current account, applying for a loan, or making any one of the multitude of other interactions we make with service providers – should be near the very top of the financial services industry’s social responsibility agenda.

This is why the Vulnerability Taskforce was established, bringing together the industry, charities and consumer groups to work towards its vision that all customers of financial services firms, including those in vulnerable circumstances, receive a responsive and flexible service and products that are appropriate to their needs.

We believe this report represents a significant step towards ensuring that all customers – no matter what their personal circumstances – receive fair and sensitive treatment, appropriate to them. While some firms have made great strides already, there is room for improvement. We need to prevent the unintended consequences of existing systems from causing detriment to customers in vulnerable circumstances. The report summarises our discussions, highlights the challenges and sets out clear recommendations for industry. One of the notable benefits of this process has been the opportunity for all participants to focus on consumer vulnerability. Our strong feeling is that this dialogue must continue.

We are under no illusion as to the scale of this challenge. Adapting business processes to detect the signs of vulnerability and ensuring that staff can tailor their interactions with customers in highly personal individual circumstances are significant yet vital undertakings. Core messages from
the Taskforce discussions included the importance of the first interaction with the customer, the need for a ‘tell us once’ approach, and the role that data used appropriately – as well as being recorded and stored compliantly – can play in supporting customers in vulnerable circumstances. Equally, we heard much about the value of training and empowering staff, evaluating services and ensuring a focus on outcomes.

Each company is different – in size, capacity and of course appetite for risk – and there is no ‘one size fits all’ solution. The Taskforce’s report is therefore not prescriptive, and does not seek to stop firms from competing and innovating in this space.

It does, however, lay out clear recommendations to improve outcomes for customers in vulnerable circumstances, and it is our hope that individual firms seize this opportunity to translate them into improved practice.

The Taskforce identified a clear need for a cross-sector approach to improving outcomes for customers. We are encouraged by early signs that the financial services industry can join up its efforts with work currently under way on the vulnerability agenda in other sectors, such as utilities.

The real test of all of this work, of course, will be whether customers who are vulnerable begin to experience the improvement in service which they should rightly expect.

For our part, it has been our pleasure to chair the work of the Taskforce and we look forward to seeing excellent customer service, for all customers, become business as usual.

Joanna Elson OBE (Chair)
Chief Executive, Money Advice Trust

Robert Skinner (Vice-Chair)
Chief Executive, Lending Standards Board
Over the last few years, financial services, utilities and other sectors have taken steps to increase awareness and improve services to better respond to vulnerable customer needs.

The FCA’s occasional paper Consumer Vulnerability published in February 2015 emphasised the need for a holistic approach towards consumer vulnerability, embedded across organisations.

The Vulnerability Taskforce, bringing together industry, consumer groups and charities has sought to build on this to identify:

- what good practice already exists in financial services, and how this could be adopted more widely;
- what good practice ideas exist in other sectors which financial services companies could usefully adopt; and
- what gaps remain where implementation, policy, technology, products and services could be improved.

The Taskforce discussed a number of case studies involving customers in vulnerable circumstances, from the perspective of both firms and consumer groups. These covered issues ranging from flexible forbearance, disability, access, handling information from unofficial third parties to financial abuse. The underlying issues in many of the case studies were similar. The debate, consensus and good practice examples highlighted in discussions have informed the principles and recommendations set out in the report.

This report sets out nine high-level principles to improve outcomes for customers.
in vulnerable circumstances which are accompanied by specific recommendations. Seven principles focus on financial services firms, one proposes areas where the financial services industry as a whole can look to achieve alignment, and a final principle addresses the role that regulators can play. The principles and recommendations that the Taskforce developed are such that both industry, charities and consumer groups could sign up to.

The financial services sector is diverse and individual firms will differ in their processes and systems because of their size, product offering, customer base and operating model. However, we believe that these best practice recommendations and principles could apply to all firms.

Principles and recommendations to improve outcomes for customers in vulnerable circumstances

1  Sensitive, flexible response
When customers seek help and support, firms should treat them sensitively and flexibly and be responsive to their needs

We recommend that financial services firms:
- Create an environment where staff can be empathetic. Good training is essential both in terms of enabling staff to spot where things might not be right and equipping them to deal with customers in vulnerable situations.
- Ensure that frontline staff are able to respond appropriately to ‘precious moments’ by listening to what the customer is saying, picking up on warning signs in the information being relayed to them and asking the right questions.
- Encourage frontline staff to ‘stop and think’ so they can take ownership and consider what response will help to resolve the situation and give the right outcome for the specific customer.
- Ensure that staff feel empowered to ask sensitive or personal questions and to make decisions in the customer’s best interests.
- Promote and embed a firm-wide culture which empowers and supports staff to ‘do the right thing’ and take action appropriate to customers’ individual needs. Processes and recording need to be robust so that members of staff are protected if they are being asked to be flexible in their approach.
- Be smart in their use of technology and processes in order to offer their customers a good outcome and experience, particularly where a vulnerability is identified, while respecting data protection and privacy rights.
- Design customer focused and inclusive products. Consideration should be given to what support will be required for customers in vulnerable circumstances during product design to avoid or help resolve problems later.
- Aim to offer supported services, such as supported switching or digital access assistance, where bank closures might adversely affect the ability of customers to access the service.

2  Effective access to support
Customers should be able to access practical, jargon-free information and help through the range of communication channels that each firm provides. They should also be informed about other, external sources of help relevant to their situation.

We recommend that financial services firms:
- Ensure that appropriate channels for communication are in place; work with the customer’s
preferred choice of communication and allow customers to move between available channels, throughout the customer relationship. While digital technology allows for new channels, there needs to remain a choice of alternative channels so that banking services are inclusive.

- Be clear about what services are on offer and raise customer awareness of the types of support available. Firms should consider what terms are used to describe these areas, so as to encourage customers to engage further and receive suitable help.
- Signpost to other organisations when appropriate to do so. This should go beyond financial services to include independent organisations with expertise to offer advice, information and specialist support in particular situations. We recommend that the industry explores how trade associations and other bodies can achieve consistency across firms in their approach to signposting and referrals.

### 3 One-stop notice

Customers should not need to tell firms about their particular circumstances or characteristics more than once.

We recommend that financial services firms:

- Work towards one-stop notice, minimise the need for customers to re-communicate particular circumstances or characteristics through intelligent and controlled information sharing. While a customer may disclose personal circumstances for a specific reason to one part of an organisation, it may not be right to share this information across the whole organisation.
- Enable people to report a death only once within the same organisation, such as where a customer may have several or multiple relationships with a UK financial services brand (for example current and savings accounts, mortgage, insurance, investments and so on). Regardless of the point of contact the customer has provided, whoever deals with their case thereafter should be able to pick up all the relevant information that the customer has already communicated.
- With customers’ explicit consent, record details of their situation and any adjustment that the firm needs to make in response. Technology is also opening up the ability for customers to self-serve by notifying the financial services firm and recording the adjustments they need online. Firms should take care in how this information is used and ensure it is timely, accurate and relevant, and not kept longer than necessary. Practice will need to vary depending on whether the information relates to one-off scenarios or on-going scenarios.

### 4 Specialist help available

Customers should have access to specialist support to help make informed choices in light of their individual situation. Where customers require regular or on-going assistance in such circumstances, firms should consider opportunities to provide dedicated points of contact to support them.

We recommend that financial services firms:

- Enable frontline staff to offer or direct customers to appropriate specialist support within the firm smoothly, quickly and easily.
- Ensure that frontline staff members have an escalation point and clear escalation routes within their organisation to refer their concerns. The aspiration should be for frontline staff to have access to ‘real-time’ expert assistance.
- Work with customers to find lasting (as opposed to one-off) solutions, based on their circumstances. Firms should consider opportunities to provide dedicated points of contact to support customers; and this should support the customer to return to mainstream use of financial products & services.
- Do everything they can to resolve financial queries and respond to specific requests and progress the decision at the speed that the customer needs.
- Allow the necessary flexibility and authority to frontline and specialist teams (whoever offers specialist support) to take action that may be outside usual practices or procedures, if right for a customer and without compromising the fair treatment of all of their customers. This behaviour should be encouraged.

5 Easy for family and friends to support
At customers’ request, firms should make it easy for a friend or family member to help manage their money.

We recommend that financial services firms:
- Have the same information requirements that customers need to meet in order to provide evidence of their PoA or Court of Protection.
- Ensure frontline staff are well informed of and kept up-to-date on the processes around PoA and Court of Protection orders and are able to communicate these consistently to customers.
- Better engage with the OPG and its equivalent in Scotland and Northern Ireland, to streamline and simplify the PoA process and make it more transparent. Firms should incorporate the OPG’s online training which covers PoA and Court appointed deputies in their frontline staff training modules.
- Develop additional third party access options, to enable customers in vulnerable situations to authorise their carers and other people assisting them, to help manage their finances and resolve account queries. It is crucial that the customer is able to retain ultimate control of their finances at all times. When dealing with cases where relatives or carers need to operate an account on behalf of a customer without a PoA in place, the OPG could be a ‘critical friend’ for firms to consult on the general safeguarding risks, which may help firms develop practice and procedures.

6 Scam protection
Customers particularly at risk of being scammed or financially abused need to be (and feel) protected by their financial service provider.

We recommend that financial services firms:
- Continue to be proactive in working with other organisations to help combat fraud by raising customer awareness of risks and of fraud typologies, as well as offering help to customers who have fallen victim to fraud.
- Put the customer’s interests first when difficult decisions have to be made. There is often a difficult balance between protecting people from fraud and supporting customers to continue to control their finances.
- Be more proactive in working to help combat financial abuse, including working with other organisations to raise customer awareness of risks and practices resulting in financial abuse and in offering help to customers who have fallen victim to such abuse.
### Customer focused reviews
Evaluation and monitoring procedures should centre on obtaining a positive outcome for the customer.

We recommend that financial services firms:
- Proactively seek out and build customer feedback methods. This should combine analysis of both complaints and positive feedback, and internal quality checking of the firm’s processes.
- Ensure that a range of customer evaluation techniques, such as mystery shopping, are embedded into the firm’s evaluation processes.
- Test the full customer journey to see if the firm’s processes work and whether policies are being implemented effectively by members of staff.
- Continue to monitor and apply what they already know works well as they implement the FCA’s Occasional Paper No 8 Practitioners Pack tips from firms.
- Continue to share good practice identified by the industry, charities and other partners.

### Industry alignment
The industry should, via the financial services trade associations and other bodies, identify opportunities to collaborate on areas where there is a common agenda and an opportunity to improve the outcome for customers in vulnerable situations.

We recommend that:
- Firms across the board use the full range of acceptable evidence for ID verification including having an exception process in place for customers who do not possess ‘standard’ identification documents. The industry, regulators and law enforcement agencies should work together to find additional identification options for vulnerable people.
- The industry explores ways to deliver a simple and secure way for consumers to notify all relevant financial services firms of a customer’s death. Firms should consider whether and how this might be applied more broadly. Priority areas to address are mental health, terminal illness, and sensory impairment.
- Other Taskforce recommendations such as those relating to fraud, financial abuse and PoA are also considered from the perspective of reaching industry alignment.

### Inclusive regulation
Regulators should help financial services firms and industry achieve better customer outcomes.

We recommend that:
- Regulators should be mindful of unintended consequences and the potential knock-on effects of rules which can be detrimental to customers in vulnerable circumstances. Particularly challenging can be situations where there is no alignment of rules between different regulators. Close collaboration is needed among regulators to ensure there is a regulatory understanding of the holistic impact of specific regulations on customers. Regulators should also provide assurances where potential conflicts between regulations are identified. It would be helpful if regulators more clearly define their expectations of firms and how these align with other regulatory requirements.
- The Information Commissioners Office (ICO) should assist industry to produce guidance on what is acceptable regarding the recording of individual customer vulnerability in order to protect a customer. This should include sharing this information across entities within financial services groups, and what appropriate safeguards banks should put in place. Guidance should also cover how firms can ensure adequate transparency with customers in relation to any such use of their data.
Principles and recommendations to improve outcomes for customers in vulnerable circumstances
1. Sensitive, flexible response

When customers seek help and support, firms should treat them sensitively and flexibly and be responsive to their needs.

A sensitive response to a customer query or request is one of the most obvious examples of good service in any customer-facing industry. The Taskforce saw evidence of progress in responding to customers sensitively and flexibly, but noted in many of the case studies reviewed that there are still instances where financial services companies fail to show sufficient empathy when interacting with customers in vulnerable circumstances.

**Case study 1**

A mortgage customer was diagnosed with breast cancer and her husband gave up work to look after her. They requested a short payment holiday, or conversion to interest only for a short period to help them to manage their money. Their original mortgage product was a tracker (0.75% above base). They were advised that if they wished to convert to interest only, even temporarily, they would have to submit a new mortgage application which would be subject to standard affordability criteria. They were told that they would not meet the affordability criteria due to their changed employment status.

Staff demonstrated little empathy or understanding. After a protracted and difficult negotiation (the lender refused to accept a letter of authority), they were offered an interest-only period of six months at the original interest rate. This occurred after weeks of negotiation by Macmillan’s Financial Guidance Service and the need for internal escalation.

(Source: Macmillan Cancer Support)

The first interaction in particular is critical to identifying vulnerability. This may be the only chance or ‘precious moment’ to capture an issue and put into place appropriate action to meet the individual customer’s needs. This might involve a direct disclosure by a customer of a vulnerable situation, or indirect references that indicate vulnerability. For example, staff should be aware that customers often present a problem that could signify an underlying vulnerability. The Taskforce looked at Sarah’s case (case study 5) where multiple vulnerabilities were not identified. By picking up on key signs at an early stage, firms can take appropriate action that would prevent problems from escalating.

In the examples discussed, some firms reported that their frontline staff are trained to listen, understand and show empathy with customers’ personal situations. Much of the existing training focuses on providing tools and standards for staff on processes, skills and the chain of support so that each staff member or team can be clear on their role and responsibilities. External tools such as TEXAS\(^2\) and IDEA\(^3\) are also used to help staff to manage disclosures of vulnerability.

However, while these elements are important, the Taskforce felt that

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an essential aspect of providing comprehensive training for dealing with customers in vulnerable circumstances was to up-skill staff on life or ‘soft’ skills. This means giving them the skills to really hear what a customer is saying, pick up on any warning signs in the information being relayed to them and feel confident in asking the right questions. Frontline staff also need to be aware of what to do in non-standard cases. These including escalation routes and sources of specialized support, being prepared for difficult conversations, being comfortable departing from scripted responses and, where possible, empowered to make decisions.

We recommend that financial services firms:

• Create an environment where staff can be empathetic. Good training is essential both in terms of enabling staff to spot where things might not be right and equipping them to deal with customers in vulnerable situations.

• Ensure that frontline staff are able to respond appropriately to ‘precious moments’ by listening to what a customer is saying, picking up on warning signs in the information being relayed to them and asking the right questions.

• Encourage frontline staff to ‘stop and think’ so they can take ownership and consider what response will help to resolve the situation and give the right outcome for the specific customer.

• Ensure that staff feel empowered to ask sensitive or personal questions and to make decisions in the customer’s best interests.

• Promote and embed a firm-wide culture which empowers and supports staff to ‘do the right thing’ and take action that is appropriate to customers’ individual needs. Processes and recording need to be robust so that members of staff are protected if they are being asked to be flexible in their approach.

The Taskforce also reflected on the more limited opportunities to ‘know your customer’ when customers transact digitally. The group recognized the challenge of establishing how to identify and when to record vulnerability in online, phone and other distance communication interactions. This issue is exacerbated by the regulatory challenge of ensuring that any recording of vulnerability identified through digital channels is both compliant and appropriate, particularly from a data protection perspective.

An upside to transacting digitally, however, is the quality of information available and the opportunities offered by data analytics. Data held by firms is already analysed proactively, for example to identify suspicious transactions. The Taskforce felt that data should be used more proactively by financial services firms in order to continuously improve outcomes for customers. For example, with customer consent, data could be used to identify potential indicators for some types of vulnerability. These could include sudden drops in income or no income identified as coming into an account, repeated bank charges being applied to accounts, known scams
or fraud. Firms could then have appropriate pre-emptive discussions with their customers so that the financial implications of specific vulnerable situations can be mitigated if they arise.

We recommend that financial services firms:

• Be smart in their use of technology and processes in order to offer their customers a good outcome and experience, particularly where a vulnerability is identified, while respecting data protection and privacy rights.

The Taskforce stressed the importance of exploring innovation in data analytics. When designing products, for example, firms should aim to ensure they are developed and tested with a wide range of customers including those who are in a range of vulnerable circumstances, so that they meet the requirements of users. This is particularly important when considering new technology and digital channels. These services should be guided by actual customer needs, not assumptions about customer preferences or needs. Case study 6 indicated that dependence on technology can make some customers more vulnerable to abuse. A customer-needs-led approach to products might have revealed this. To this end, firms should also conduct demographic impact studies on new products to establish how they will affect vulnerable groups. Partnerships with charities and other third parties will be instrumental in this process.

We recommend that financial services firms:

• Design customer focused and inclusive products. Consideration should be given to what support will be required for customers in vulnerable circumstances during product design to avoid or help resolve problems later.

Firms’ policies ought to be oriented towards providing a flexible service, responsive to need. The Taskforce noted that some firms may have policies that deter customers from asking for help when they are in financial difficulties. This can prove critical for the customer, as illustrated in case study 2 where a firm had a policy not to assist customers who ask for help when in financial difficulties until they fall into arrears.

Case study 2

A customer awaiting surgery for cancer was expected to make a full recovery, but knew she would miss work for three months because of the surgery. Holding a current account, overdraft and unsecured loan with the same bank and anticipating a problem meeting repayments during this period, the customer contacted the bank to discuss options to manage the temporary loss of income. The bank refused to consider any options as no payments had yet been missed and told her to call back when in arrears.

(Source: Macmillan Cancer Support)
It is important that where a customer proactively informs the firm of an issue, the action the firm takes reflects the customer’s needs and timetable for intervention. In response to this specific example, firms should actively consider a range of forbearance options and whether interest and charges should continue to apply in certain scenarios. If a forbearance measure is already in place, good practice would dictate for firms to re-examine the customer’s circumstances so as to make a decision on what should happen when it expires. The firm should take steps to contact the customer to check on their current situation rather than revert automatically to the previous arrangement as this may not be appropriate.

Prospective branch closures arose as a particular policy concern. If a branch closure is planned, firms can help customers build their technical understanding and confidence in online access methods in branch using a tablet or laptop so that they can continue to access the service digitally. It was suggested that firms should aim to offer supportive in person or face-to-face services where branch closures or limited access to broadband might adversely affect the ability of customers to access services physically or digitally. It was further suggested that firms could carry out a ‘supported switch’ to another account provider, if this will be beneficial for that particular customer. The Taskforce noted, as an example of good practice, the Association of British Insurers’ initiative that enables insurance firms to support switches to competitors.

We recommend that financial services firms:

• Aim to offer supported services, such as supported switching or assistance with digital access, where branch closures might adversely affect the ability of customers to access the service.

Good practice ideas from financial services firms

• Running general awareness communications on vulnerability across the whole firm. For example, a ‘vulnerability awareness week’, news pages focusing on specific vulnerabilities on corporate intranet sites or giving employees time off to be carers or to volunteer to support charities.
• Hosting a combination of online, interactive learning and intranet support material on specific vulnerability scenarios.  
• Using life event films, case study reviews, and role play scenarios which help to bring training to life.  
• Using existing tools such as TEXAS\textsuperscript{4}, to respond to a disclosure and manage vulnerability.  
• Up-skilling staff as Dementia Charter Friends. The Alzheimer’s Society’s Dementia-friendly financial services Charter\textsuperscript{5} offers advice and guidance to financial services companies with how to help their customers with dementia.  
• Assessing the impact of branch closures on customers in the local area and proactively contacting the most active users, including all customers in vulnerable circumstances, to discuss what a branch closure means to them. In some instances, branch staff

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have spoken to regular customers who don’t interact with the bank through any other channel to discuss options available to them and ensure they are comfortable with alternative ways to have their banking needs met. The Access to Banking Protocol has been developed by banks in order to guide practice on these occasions.

- Harnessing video technology to enable customers to talk to staff face-to-face remotely on their smartphone, tablet or personal computer wherever Wi-Fi is available.
- Frontline staff offering technical guidance to those who have lived without the internet to take their first steps online, in branch using a tablet or laptop.

### Good practice ideas from other sectors

- Running proactive engagement events. For example:
  - Community engagement events - attending regional community events with pop-up shops in shopping centres and surgeries for people in financial difficulties.
  - Forging strong partnerships with other organisations working with customers in vulnerable circumstances, for example local housing associations, food banks, job centres, children’s centres, credit unions and so on.
  - Promoting schemes using multi-media advertising such as YouTube, magazines articles, website, flyers, posters and so on.
- Achieving full compliance with the “BS18477 Standard for Inclusive Services” as a means to demonstrate commitment to customers in vulnerable circumstances.
- Recording all expressions of customer dissatisfaction and using those to identify clusters that evidence the need to proceed with a wider policy change, as happens in the water sector.
- Harnessing artificial intelligence (AI), as is done in the health sector, to pull data from cases that the AI system has already dealt with in order to offer equivalent advice in a new case.

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7. BS 18477:2010, Inclusive Service Provision. Requirements for identifying and responding to consumer vulnerability, British Standard Institute, UK.
2. Effective access to support

Customers should be able to access practical, jargon-free information and help through the range of communication channels that each firm provides. They should also be informed about other, external sources of help relevant to their situation.

The Taskforce noted from a number of case studies that there can be a lack of consistency in the service and information provided by firms through the different channels they offer.

Firms should allow their customers to choose the most appropriate communication channel for their circumstances from the full range of channels that they provide. Digital and other services, including mobile branches, can support customers in vulnerable situations. The Taskforce cited examples where technology can have a significant role to play in relation to vulnerability by breaking down communication barriers for those with accessibility issues. For some cases, digital services might not work well. Where this is the case, banks should seek an appropriate alternative means of communication from the channels that they provide.

The Taskforce also stressed the importance of financial services firms being clear about the services that they have on offer including the types of support available. Firms can undertake consumer research incorporating insight provided by behavioural economics, and look to ‘smarten’ their communication methods as per the FCA’s Smarter Consumer Communications discussion paper for ‘smarter’ communication ideas. In referencing specialist help available, more thought could be given to the terms that firms use to describe support teams, as some terms can be intimidating to consumers. This is particularly so when they do not identify their situation with this description (for example, ‘financial difficulties’ team or ‘arrears’ team).

We recommend that financial services firms:

- Ensure that appropriate channels for communication are in place; work with the customer’s preferred choice of communication and allow customers to move between available channels, throughout the customer relationship. While digital technology allows for new channels, there needs to remain a choice of alternative channels so that banking services are inclusive.
- Be clear about what services are on offer and raise customer awareness of the types of support available. Firms should consider what terms are used to describe these areas, so as to encourage customers to engage further and receive suitable help.

The Taskforce agreed that customers should be made aware of what to expect from their financial service providers, and where to get further help – for example from third sector support organisations. While many firms are already working in partnership with third sector organisations,
they may be unaware of or unfamiliar with the full range of organisations that can help. Positive examples include firms developing internal training programmes and branch roadshows to familiarize frontline staff with wider support services, or ensuring referral information is more easily available. The Taskforce believes that a more coordinated approach to signposting and/or referrals to organisations in the third sector which offer specialist support would be helpful. Staff should be supported to provide external referrals at the right time.

It was suggested that just as the Money Advice Service leads signposting to debt advice, it or another body could lead the signposting arrangements for different types of vulnerability. This could also help alleviate the problem that different organisations cover different jurisdictions, using different terminology and regulated differently.

We recommend that financial services firms:

- Signpost to other organisations when appropriate to do so. This should go beyond financial services to include independent organisations with expertise to offer advice, information and specialist support in particular situations. We recommend that the industry explores how trade associations and other bodies can achieve consistency across firms in their approach to signposting and referrals.

Good practice ideas from financial services firms

- Using video or graphical approaches alongside more traditional means of disclosure, in order to make information and messaging clearer and simpler.
- Reserving a private room in branch to hold confidential and sensitive conversations with customers such as in cases of bereavement.
- Making it easier for specific customers segments to access motor and travel insurance. In 2012, the Association of British Insurers (ABI) led an agreement with the British Insurance Brokers’ Association (BIBA) and the Government on Access to motor and travel insurance for older people, which requires all ABI members, who do not provide insurance because they apply age restrictions, to signpost customers to an alternative appropriate provider, who will offer a product regardless of age.\(^\text{10}\)

Good practice ideas from other sectors

- Publicising services for disabled customers. Communications providers are required by Ofcom to publicise the availability of telecommunications services for disabled consumers.\(^\text{11}\) These are:
  - Access to an approved text relay service.
  - Free directory enquiries for customers who are unable to use a printed directory because of a disability.
  - Priority fault repair (fixed–line only) for customers who depend


on the telephone because of severe ill-health or disability and have an urgent need for a repair.

- Third party bill management, enabling a nominated friend or relative to act on behalf of someone who needs help to manage their affairs.
- Bills and contracts in formats such as large print and Braille on request.
- Widening the promotion of services in order to reach customers who may be in vulnerable circumstances. Wessex Water has designed a strategy which includes improving information for customers and staff, extending its network of partners and enhancing the referral process (through online application forms, hotkeys, funding structure).
3. One-stop notice

Customers should not need tell firms about their particular circumstances or characteristics more than once.

Case study 7 highlighted to the Taskforce the fact that customers in vulnerable circumstances often have to repeat details of their vulnerability many times to the same institution.

To avoid having customers continually repeat themselves, financial services firms should explore those areas where they can develop a policy whereby the customer only needs to tell them about their situation once. Technology can be used to support this, for example, case-management flags, markers and contact notes could be employed to highlight particular vulnerabilities. Alerts could be triggered if income stops going into the account, there is reduced income in the account, there are repeated charges for overdrafts being applied, and so on.

Firms also need to be mindful of consumer protection legislation, namely ensuring that sensitive personal data is recorded and shared in accordance with data protection rules and customer preferences. There are cases where it might not be appropriate to record or hold someone’s data. Equally, customers will not always choose to disclose their particular vulnerability, or allow their data to be shared or processed.

In some instances, there can be a tension between a customer’s data protection rights and their other or even best interests, particularly if an overly conservative interpretation of data protection or other rules is adopted. These tensions need to be managed effectively, with the fair treatment of customers central to firms’ considerations. The FCA’s paper clarified their view on data protection, indicating that staff need not have reservations about noting reasonable concerns about an individual’s ability to manage their own finances.

It is vital that the customer knows and understands how their data may be shared and used. At the same time, it is important that firms are able to communicate internally about a customer’s vulnerability or when spotting indicators that someone may be potentially vulnerable. Where firms adopt a clear policy, frontline staff can be encouraged to raise concerns with line–managers or other appropriate teams internally. A view can then be taken to decide as to whether information should be shared more widely or even outside the organisation.

We recommend that financial services firms:

- Work towards one–stop notice, minimise the need for customers to re-communicate particular circumstances or characteristics through intelligent and controlled information sharing. While a customer may disclose personal circumstances for a specific reason to one part of an organisation, it may not be right to share this information across the whole organisation.
- Enable people to report a death only once within the same organisation, such as where a customer may have several or
multiple relationships with a UK financial services brand (for example current and savings accounts, mortgage, insurance, investments and so on). Regardless of the point of contact the customer has provided, whoever deals with their case thereafter should be able to pick up all the relevant information that the customer has already communicated.

- With the customer’s explicit consent, record details of their situation and any adjustment that the firm needs to make in response. Technology is also opening up the ability for customers to self-serve by notifying the financial services firm and recording the adjustments they need online. Firms should take care in how this information is used and ensure it is timely, accurate and relevant, and not kept longer than necessary. Practice will need to vary depending on whether the information relates to one-off scenarios or on-going scenarios.

**Good practice ideas from financial services firms**

- Recording requirements for special assistance in relation to vulnerability in system notes (or equivalent). This avoids the customer having to repeat themselves at each point of interaction with the firm.
- Implementing the BBA and BSA Bereavement Principles which focus on encouraging staff to show empathy, enabling people to inform a bank or building society just once about the death of a loved one who had a relationship with that firm, and setting in motion a set of actions which will help ease the journey of those dealing with the estate.
- The Money Advice Liaison Group (MALG) and Royal College of Psychiatrists (2013) Briefing Note 4: Appropriately processing data from individuals with mental health problems under the Data Protection Act (1998) provides helpful guidance for firms processing sensitive data.

**Good practice ideas from other sectors**

- Using apps which aim to predict spending habits and which might also be used to help to flag up where there is unusual spending behaviour. Examples of such apps are ‘Simple’ and ‘Moven and Priti’.

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15. Due to be published in 2016. The Bereavement Principles achieve industry alignment and communicates the notification of a death, once, across a firm’s products and within its UK customer brands.


4. Specialist help available

Customers should have access to specialist support to help make informed choices in light of their individual situation. Where customers require regular or on-going assistance in such circumstances, firms should consider opportunities to provide dedicated points of contact to support them.

The Taskforce noted the opportunities and challenges presented in using specialist teams and dedicated points of contact for specific queries. For example, while staff on the frontline should do everything they can to resolve financial queries, they can benefit greatly from specialist expertise.

Case study 3

Asha had a stroke and treatment for cancer that significantly affected her ability to carry out normal day-to-day tasks. Her vision was affected and she found it difficult to speak. She was racking up charges for late and missed payments during her treatment. When she tried to phone the bank she found that customer advisers kept telling her to speak up and speak more clearly, and didn’t give her the chance to explain that she was unwell and that speaking was difficult for her. They frequently hung up on her as she was trying to explain.

(Source: Revealing Reality cited in FCA 2015: Consumer Vulnerability)

Some firms have specialist teams in place or individual specialists, looking at specific issues such as bereavement, pre-arrears issues, and payment assistance. Where specialist teams exist, it is imperative that frontline staff are able to identify the right team to direct the customer confidently to, or escalate internally. There is clearly a balance to be struck between the merits of frontline help and receiving assistance from a specialist team.

Where there is a referral made to another team, customers who are vulnerable need reassurance that staff in that section will be aware of their situation and that they will be listened to whoever they deal with. Whilst it may not be possible to give a ‘named’ contact, firms should ensure there is an effective record so that colleagues can pick up the customer’s story.

Financial services firms could aim to build a support network for staff, for example, by having a ‘real-time expert’ on call. This could give confidence to the staff and provide them with the reassurance to know they are doing the right thing when dealing with the query.

The Taskforce considered how staff should be empowered to know the boundaries between internal policies, external regulation and achieving a good customer outcome. Staff should be encouraged to avoid scripted responses so as to retain emphasis on the outcome firms are aiming to achieve. They will need to be protected if they are being asked to be flexible in their approach.
We recommend that financial services firms:

- Enable frontline staff to offer, or direct customers to, appropriate specialist support within the firm smoothly, quickly and easily.
- Ensure that frontline staff members have an escalation point and clear escalation routes within their organisation to refer their concerns. The aspiration should be for frontline staff to have access to 'real-time' expert assistance.
- Work with customers to find lasting (as opposed to one-off) solutions, based on their circumstances. Firms should consider opportunities to provide dedicated points of contact to support customers; and this should support the customer to return to mainstream use of financial products and services.
- Do everything they can to resolve financial queries and respond to specific requests and progress the decision at the speed that the customer needs.
- Allow the necessary flexibility and authority to frontline and specialist teams (whoever offers specialist support) to take action that may be outside usual practices or procedures, if right for a customer and without compromising the fair treatment of all of their customers. This behaviour should be encouraged.

Good practice ideas from financial services firms

- Removing targets for average call–handling times and sales conversations. This gives call handlers sufficient time to focus on the customer’s needs and circumstances, identifying and responding to any issues of vulnerability.
- Removing fees such as overdraft fees, loan and credit card interest or charges associated with certain products where a customer is in a vulnerable situation.
- Reviewing special customer arrangements periodically, directly with customers, so as to re-assess their circumstances and ensure that the arrangements in place remain suitable, affordable and sustainable.
- Having no requirement for a customer to be in arrears prior to discussing their circumstances and putting alternative repayment arrangements in place.
- Macmillan Cancer Support and Nationwide successfully piloted a free, one-to-one, specialist support service designed to help customers affected by cancer to better manage their financial affairs. The service covers the various stages a person with cancer may experience and is based on Macmillan’s experience of supporting people affected by cancer.

Good ideas from other sectors

- Introducing measures to prevent excessive spend and to reduce the risk of ‘bill shock’ through spend reminders and caps on spending. Major mobile networks have introduced such...
measures on customer bills. This follows a successful pilot to ensure consumers receive the same level of protection they receive with other premium rate services (PRS) when purchasing apps or making in-app purchases charged to their phone bill. Since introducing these measures, complaints related to app purchases have declined and refunds have been secured as appropriate.

- Exercising foresight for consumer vulnerability. The PhonepayPlus Vulnerability Code of Practice has been changed to focus on customer outcomes. Previously the provision for dealing with consumers in vulnerable circumstances applied only when it could be demonstrated that a provider had intentionally sought to take advantage of such consumers. As of July 2015, the new Code provision requires providers to exercise reasonable foresight as to who is likely to use their service and to take all reasonable steps to ensure that these customers are not at significant detriment.  


5. Easy for friends and family to support

At a customer’s request, firms should make it easy for a friend or family member to help manage their money.

A number of scenarios that the Taskforce reviewed highlighted the lack of knowledge amongst frontline staff in firms and a lack of consistency between firms in relation to communications with customers around processes for Power of Attorney (PoA). Gaps identified included a lack of awareness of the mechanics of how a Lasting Power of Attorney (LPA) works, an inability to recognise authentic forms and a lack of knowledge about the information and evidence required to apply support a PoA.

Ideally, from the consumer perspective, firms would have consistent information requirements that customers must meet to prove their identity and evidence their LPA. There is a variety of approaches between firms as to what constitutes ‘due diligence’. The industry should engage more with the Office of the Public Guardian (OPG) to streamline and simplify the PoA process and make it more transparent.

The Taskforce also stressed the importance of firms considering whether the person acting as attorney may also be potentially vulnerable or have support needs.

We recommend that financial services firms:

- Have the same information requirements that customers need to meet in order to provide evidence of their PoA or Court of Protection order.
- Ensure frontline staff are well informed of and kept up-to-date on the processes around PoA and Court of Protection orders and are able to communicate these consistently to customers.
- Better engage with the OPG and its equivalent in Scotland and Northern Ireland, to streamline and simplify the PoA process and make it more transparent. Firms should incorporate the OPG’s online training which covers PoA and Court appointed deputies in their frontline staff training modules.

The Taskforce also noted that there are situations where customers in vulnerable circumstances need support, but for which the existing PoA is unsuitable.

Case study 4

Clare is a deputy for her father Christopher who suffered a traumatic brain injury as result of crash whilst out cycling. Clare was only 24 and struggling to come to terms with her father’s injury and her responsibilities as a court appointed deputy.

When she went to her father’s branch, they initially told her that they she needed to obtain a Lasting Power of Attorney (LPA) which
is inappropriate because Christopher lacks mental capacity. A deputyship order (issued by the Court of Protection) is the correct authority in this instance. After the deputyship order was registered, the bank put a stop on all of Christopher’s accounts, and Clare was given no access to Christopher’s funds to pay any of his bills.

Clare could not pay carers’ bills and meals on wheels. She had to borrow £800 from her friend just to pay bills and was struggling to cope. After making a complaint, Clare was given access to Christopher’s account but was told she could not have a debit card and she would need to visit the branch to approve transactions. (Source: Office of the Public Guardian)

Whilst a number of firms offer ‘third-party mandates’ as alternative options to PoA, there needs to be a more flexible approach within firms. This flexibility should apply when dealing with requests from an unofficial third party, such as a carer or close family member, to access or operate an account on behalf of a customer. In some cases, but not always, it appears that a charity can get better results for the customer when they get involved in a case.

There should also be a range of options available to enable customers in vulnerable circumstances to allow third parties to access information about accounts. These should go beyond PoA, and mandate systems, to enable carers and other people close to customers in vulnerable situations to help manage their finances and resolve account queries, with the customer’s consent. Any such option developed needs to continue to safeguard customers and their accounts from fraud and other inappropriate use. It was further suggested that account holders could be asked to include an emergency contact when opening an account. This contact would be automatically recognised if they contacted the firm in an emergency situation such as the account holder being rushed to hospital and temporarily unable to deal with their finances.

Where data protection is an issue, it should be routine for a firm to explain what action a third party, such as a relative or friend, who is attempting to help a particular customer, can expect the firm to take next, even where the firm cannot discuss personal details with the third party.

We recommend that financial services firms:

- Develop additional third party access options, to enable customers in vulnerable situations to authorise their carers and other people assisting them, to help manage their finances and resolve account queries. It is crucial that the customer is able to retain ultimate control of their finances at all times. When dealing with cases where relatives or carers need to operate an account on behalf of a customer without a PoA in place, the OPG could be a ‘critical friend’ for firms to consult on the general safeguarding risks, which may help firms develop more effective practice and procedures.
Good practice ideas from financial services firms

- Following the industry guidance produced by the BBA, BSA and OPG ‘A framework for authorising people wanting to operate a bank account for someone else – guidance for banks and building societies’ to do to register and operate their PoA and Court appointed deputyship.\(^{22}\)

- Nominating a third party to act as a trusted contact at the outset and throughout the lifecycle of a financial relationship or financial product lifespan. This presents additional opportunities for firms to ask questions, provide information, or refer that third party to a point where they can receive assistance.

- Visiting OPG sites in order to understand processes and how best to support customers with a PoA and Court of Protection orders (Deputyships).

- Offering an intranet–based information hub which includes guidance to help branch staff answer general questions that a deputy might raise.

- Payments UK published in 2015 a helpful report on secure alternatives to delegating payments.\(^{23}\)

Good practice ideas from other sectors

- The GoHenry app\(^ {24}\) allows parents to monitor their children’s expenditure in real time. A new variation of the app might be of wider use in the financial services industry.

- PhonepayPlus have explored capping purchases on Premium Rate Services (PRS) aimed at children where alternative protections did not exist. This is set at a cumulative cap on PRS purchases of £20 per month. Their previous Code capped one-off purchases at £5.\(^ {25}\)

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\(^{22}\) A consumer friendly version of this guidance ‘Guidance for people wanting to manage a bank account for someone else’ is available online at: https://www.bba.org.uk/publication/leaflets/guidance-for-people-wanting-to-manage-a-bank-account-for-someone-else-2/

\(^{23}\) The Payments UK ‘Pay Your way’ guide is available online at: http://www.paymentsuk.org.uk/project-delivery/past-projects/making-payments-safely-when-visiting-bank-or-atm-difficult


6. Scam protection

Customers particularly at risk of being scammed or financially abused need to be (and feel) protected by their financial services provider.

Case study 8 highlights the increasing levels of fraud that financial services companies have seen targeted at their account holders. Firms on the Taskforce affirmed their determination to play their role in protecting customers from falling victim to fraud in all its forms, by informing customers about the risks, making effective use of the information they hold to analyse particular fraud typologies, and identifying those who may be particularly at risk to offer appropriate support. This includes supporting customers who become victims of crime to avoid repeat victimisation and providing wider support for customers who may be a more attractive target for crime due to their vulnerable circumstances. The Taskforce felt that a key judgment for financial services firms is to balance the inconvenience caused to customers with the benefits of protective measures put in place to prevent them falling victim of fraud.

A number of initiatives were highlighted in discussion, including the work being undertaken by Financial Fraud Action UK (FFA UK)\(^{26}\) to achieve consistency across the industry in relation to the identification and handling of scams, setting up internal taskforces on vulnerability and working with agencies for safeguarding and law enforcement, including the police, to share intelligence and best practice.

Individual firms will have their own approaches to delivering protection for their customers. However, a number of banks and building societies have developed a common set of core principles (see box below) to steer their efforts and are designed to complement their wider vulnerability activity. This project is being undertaken in collaboration with the Home Office, the City of London Police, the Metropolitan Police, the BBA, Cifas, the Building Societies Association and FFA UK. It links to a number of fraud prevention projects that banks are progressing internally or are being run by stakeholders such as the ‘Adults at Risk of Financial Harm’ Scottish Government project.\(^{27}\)

Principles for the protection of customers targeted for fraud

1. Being pro-active in identifying those at risk and taking action to reduce this risk. For example looking for indicators that an individual is a potential fraud target and considering appropriate interventions - this could be during interaction at point of service or by use of transaction monitoring and customer database analysis.

2. Supporting frontline staff in the pro-active identification of those at risk and key actions they can undertake to help customers. For example raising awareness of the threats and protective measures and providing clear internal mechanisms for frontline staff to raise concerns.

3. Sharing intelligence to protect our customers. For example

\(^{26}\) More information is available at: http://www.financialfraudaction.org.uk/

\(^{27}\) More information is available at: http://www.gov.scot/Topics/Health/Support-Social-Care/Adult-Support-Protection/National-Priorities
preparing to share information on customers identified as targets for crime (subject to appropriate legal data protection safeguards) to support intervention work by partner agencies (notably the public sector) and to share information with law enforcement. Law enforcement should also be prepared to share non-sensitive intelligence with the banking community and others to assist in improving protection capability. To support this, the group will provide a suitable point of contact for frontline staff to share information on those at risk and receive expertise on engagement and information sharing with public authorities.

4. Working collaboratively with public sector partners. Banks need to support and be supported by partners such as the police, other law enforcement agencies, Trading Standards, local authority safeguarding teams (social services) to deliver the right support to customers affected by fraud. Developing effective working relationship with these stakeholders nationally and locally is therefore vital.

5. Providing appropriate customer awareness through various channels. For example promoting consistent and effective crime prevention advice and awareness, delivered through mechanisms appropriate to the target audience.

6. Building on success and sharing best practice across the sector. Bank employees genuinely want to help customers avoid falling victim to financial crime and banks are already delivering training and customer education programmes on financial crime prevention. Future initiatives need to support a sector-wide adoption of applicable best practice.

Different scams target different segments of the population. The strategies needed to address each type of scam will vary.

The Taskforce suggested there should be a pilot to test what works best in raising anti-fraud awareness. This should explore how ‘trusted channels’ of communication would work best for consumers, particularly bearing in mind that criminals set the pace of innovation in fraud. The Taskforce also encouraged financial services firms to continue developing their techniques for identifying scams in real time and working with customers and other partners to prevent scams from succeeding.

Taskforce members also suggested that where a particular transaction or the size of the transfer being requested raises suspicions, staff should be prepared to be more questioning of the customer. In particular, staff should discuss the risks for that customer of being targeted for a scam. Firms should give customers appropriate advice, the opportunity to realise they are being scammed and the opportunity to cancel the scam transaction where possible.

The Taskforce also discussed whether firms should instigate a policy to delay specific payment transactions for a short while where a case of a potential scam is identified to allow the customer time for second thoughts. According to the Financial Ombudsman Service (FOS)\textsuperscript{28}, many people who have been scammed realise what has happened within a few hours, so

a delay in the transaction could intercept the scam. However, challenges here include whether firms have powers to stop a transaction which they strongly suspect to be a result of fraud but which the customer insists is not. This can be a grey area of conduct. Firms need to consider the balance between the potential inconvenience to customers in a delay in their transactions being processed, against the benefits of avoiding a scam and loss of funds.

We recommend that financial services firms:

- Continue to be proactive in working with other organisations to help combat fraud by raising customer awareness of risks and of fraud typologies, as well as offering help to customers who have fallen victim to fraud.
- Put the customer’s interests first when difficult decisions have to be made. There is often a difficult balance between protecting people from fraud and supporting customers to continue to control their finances.

Customers in vulnerable circumstances can be targeted for financial abuse. This includes theft, fraud, exploitation or the misuse or misappropriation of property, possessions or benefits over a period of time, usually by an abuser whom they already know. Recent research led by Refuge and The Co-Operative Bank led to a set of best practice principles which can be explored as part of an industry wide initiative to combat financial abuse. Citizens Advice have also been leading a campaign which recommends a more joined up approach to helping victims of financial abuse.


We recommend that financial services firms:

- Be more proactive in working to help combat financial abuse, including working with other organisations to raise customer awareness of risks and practices resulting in financial abuse and in offering help to customers who have fallen victim to such abuse.

Good practice ideas from financial services firms

- The Department for Business, Innovation & Skills is developing a Publicly Available Specification (PAS): Protecting consumers from financial harm – code of practice.
- Identifying suspicious transactions through systems and prompting contact with a customer who is at risk of being scammed.
- Providing fraud and scam awareness and advice to customers. Many firms carry generic advice on their website and crime


Improving outcomes for customers in vulnerable circumstances

- Awareness messages on higher risk channels such as on ATM screens and on internet banking interfaces. Customer-facing staff in some banks are actively encouraged to talk to customers about fraud risk, in particular to pass on advice about new risks. Some firms also link in with national campaigns by charities such as Age UK’s ‘How to spot investment scams’ or ‘The 12 scams of Christmas’ online awareness campaign.

- Using specialist advisers to support customers targeted by scams. This role is usually carried out by a firm’s financial crime team who phone and/or text customers to enquire about suspicious activity on their account and/or concerns raised by customer-facing staff.

- Identifying customers who may have been scammed. There are three routes for this:
  1. Checking activity on the account for transactions that look suspicious or out of character.
  2. Checking accounts against intelligence received from law enforcement agencies or the FCA, for example lists of victims’ personal financial data recovered from criminals.
  3. Using characteristics from the above to profile likely targets within the customer base that might also be attractive to criminals (a new innovation).

- Collecting fraud cases and reporting management information (MI) on a regular basis in order to identify current criminal trends. Some firms collect this information on a weekly or monthly basis. MI is discussed as part of regular governance sessions with the product business, distribution channels, compliance and fraud investigations teams.

- Raising customer awareness via regular newsletters on fraud. Highlighting cases where staff reporting their suspicions has resulted in loss prevention.

- Using the Trading Standards Institute’s ‘National Best Practice Guidance for bank and building society staff’ to help structure conversations with customers where firms have concerns that the customer may be at risk of being scammed.


33. More information is available at: http://www.tradingstandardscrime.org.uk/12-scams-of-christmas/

7. Customer focused reviews

Evaluation and monitoring procedures should centre on obtaining a positive outcome for the customer.

The Taskforce discussed how internal compliance and monitoring processes can be at odds with desirable customer outcomes. From the evidence sent to the Taskforce, it is apparent that given the right support, staff generally do their best to help customers. However, often firms have an internal monitoring focus which concentrates on what staff are required to do by internal policies, rather than exploring whether there is a different course of action which would be more helpful to the customer. This is particularly the case if there is no critical feedback loop in place within the firm. There is a danger in these instances that customer processes may become inflexible, a position that could be exacerbated by a lack of useful interaction with and feedback from external organisations.

The Taskforce agreed that feedback on outcomes from customers in vulnerable circumstances was critical to enable firms to examine the impact of their policies and procedures. On-going evaluation of business practices across all service channels should ensure that policy is being implemented in full. These evaluations can also ensure that any gaps in policy or practice are addressed. This is particularly important in the areas of data protection, identification verification procedures and the process of registration for Powers of Attorney. Firms should employ a range of customer evaluation techniques, across the full customer journey, assessing whether policies are achieving a positive outcome for customers. Mystery shopping is an example of such techniques.

This feedback process should take place alongside other methods of internal evaluation of the approaches implemented by the firm. An example could be the linking of a call monitoring evaluation to both staff assessment and appraisal processes and to feedback from relevant charities and consumer groups. Complaints data as well as positive customer feedback was also highlighted as key to improving the service. It is also important to take account of the consumer trends and insight shared by bodies such as the Financial Ombudsman Service (FOS) from the Office of the Public Guardian and independent charities.

We recommend that financial services firms:

- Proactively seek out and build customer feedback methods. This should combine analysis of both complaints and positive feedback, and internal quality checking of the firm’s processes.
- Ensure that a range of customer evaluation techniques, such as mystery shopping, are embedded into the firm’s evaluation processes.
- Test the full customer journey to see if the firm’s processes work and whether policies are being implemented effectively by members of staff.
It is also important that firms share best practice (within the bounds of competition and data protection rules), in relation to customers who are vulnerable. This sharing of good practice should stretch beyond the financial services sector. Various initiatives are currently in operation, for example the Money Advice Service’s Financial Capability Strategy, and the FFA UK work on consumer fraud.

There is a need for regulators, trade bodies, firms, and consumer bodies to take a coordinated approach to this.

We recommend that financial services firms:

• Continue to monitor and apply what they already know works well as they implement the FCA’s Occasional Paper No 8 Practitioners Pack tips from firms.
• Continue to share good practice identified by the industry, charities and other partners.

Good practice ideas from financial services firms

• Carrying out call monitoring which will identify where staff coaching is required.
• Performing root cause analysis of complaints and investigating customer feedback to determine whether issues raised are systemic and require a change to a firm’s processes or service.
• Reviewing forbearance management information (MI) in addition to complaints.
• Monitoring feedback via a number of channels including member services, member feedback forums, and employee feedback forums. Also reviewing social media for feedback on products and services.
• Collaborating with the Office of the Public Guardian who provide regular and/or firm specific ‘common themes’ packs detailing issues that they have been made aware of from across the industry.
• Appendix 4 of the FCA’s Occasional Paper on Consumer Vulnerability presented tips from firms which have been reported to work well for consumers.

Good practice ideas from other sectors

• Running mystery shopping research exercises, such as those by Ofcom, on the advice/referral information provided by mobile network operators to customers who may experience a change in circumstances.
• Running website audits to identify the availability of information about services related to disability or illness. Communications firms which run such audits found issues around search terms and general navigation, and definitions of accessibility, all of which were addressed.
• Engaging with experts across the company in order to establish their view on what policies and practices needed to change. This
generated 197 different activities for an energy company. The activities were prioritised and reduced to 60 ideas, all endorsed by (and mostly generated from) the business units themselves.
8. Industry alignment

The industry should, via the financial services trade associations and other bodies, identify opportunities to collaborate on areas where there is a common agenda and an opportunity to improve the outcome for customers in vulnerable situations.

A core theme cutting across a number of the case studies examined by the Taskforce was the positive difference which a seamless journey could make for customers who have to deal with more than one company. Similarly to other initiatives, it makes sense for firms and the industry as a whole to aim to achieve consistency in areas of practice linking to vulnerability and which are not competitively sensitive.

Specific areas of practice that the industry should look into collectively are outlined below. To this end, the Taskforce supports industry protocols, common standards of practice and lists for key referrals to sources of specialist advice and specialist charities. This approach may lead to the industry designing other solutions. Trade associations should take a central role in this process.

Customer identification and verification

Case study 9 illustrates the frequent observation that banks and building societies are applying data protection and identification (ID) verification requirements over-prescriptively, thereby inhibiting their capability to support customers with particular needs. The Joint Money Laundering Steering Group (JMLSG) guidance on prevention of money laundering and terrorist financing recommends that firms should have a process for finding acceptable alternative ID for customers who do not have obvious forms of ID such as a passport. Again, this needs to be built into firm’s anti-money laundering policy and associated staff training.

Firms should ensure that their frontline staff are aware of the Special Case procedures outlined in JMLSG Part II, Annex 1-I, which provides a ‘non-exhaustive and non-mandatory list of documents which are capable of evidencing identity for special cases who either cannot meet the standard verification requirement, or have experienced difficulties in the past when seeking to open accounts’. The Payments Strategy Forum is an initiative which has been established to develop a strategy for payment systems in the UK. It aims to identify, prioritise and help to deliver initiatives where it is necessary for the payments industry to work together to promote collaborative innovation. The forum is considering detriment caused by ID verification as part of its strategy setting process.

Notification of a death

The same case study led the Taskforce to consider ‘tell us once’ type of schemes in the context of financial services. ‘Tell us once’ is a service which enables a bereaved person to notify a central service about a death. This information is then shared with the relevant government organisations,
as chosen by the notifier. This means that the bereaved person does not need to constantly repeat their story, or expend as much time and energy to notify multiple organisations of the death. Banks and building societies are already exploring the feasibility of a ‘tell us once’ type of scheme for reporting a customer’s death. This would mean all institutions that are part of the scheme with which the deceased had a relationship, would be notified of the death and take appropriate action.

The Taskforce welcomes this initiative and encourages the industry to explore whether a similar scheme could be applied in other areas such as mental health, terminal illness, and adapted communications for sensory impairment. The Taskforce strongly recommends that firms aspire to this, even if difficult or complicated to develop.

We recommend that:

- Firms across the board use the full range of acceptable evidence for ID verification including having an exception process in place for customers who do not possess ‘standard’ identification documents. The industry, regulators and law enforcement agencies should work together to find additional identification options for vulnerable people.

- The industry explores ways to deliver a simple and secure way for consumers to notify all relevant financial services firms of a customer’s death. Firms should consider whether and how this might be applied more broadly. Priority areas to address are mental health, terminal illness, and sensory impairment.

- Other Taskforce recommendations such as those relating to fraud, financial abuse and PoA are also considered from the perspective of reaching industry alignment.
9. Inclusive regulation

Regulators should help financial services firms and industry achieve better customer outcomes.

The Taskforce also looked at the potential challenges in the delivery of some of the recommendations.

Further to the FCA's Consumer Vulnerability paper,\(^{42}\) the more recent Smarter Consumer Communications\(^{43}\) and Barriers to Innovation\(^{44}\) papers aimed to address consumer communications and encourage banks to innovate. The FCA has also opened up the potential for safe testing of new products in their new ‘sandbox’\(^{45}\), which aims to support innovative practice and design. The forthcoming ‘Access’ paper from the FCA is likely to amplify related areas.

In addition to the FCA, a number of other regulators are currently addressing the issue of consumer vulnerability in their respective markets. For example, Ofgem\(^ {46}\) implemented a consumer vulnerability strategy in 2013 that aims to make a positive difference for energy consumers, and Ofwat will be publishing a report on vulnerability among water customers in February 2016.

At the same time however, there are instances where regulation can have unintended negative consequences for customers. Firms reported to the Taskforce a number of issues pertaining to data protection, obtaining customer consent, recording and sharing data, enabling access to financial services and treating customers fairly. For example, privacy rules may prevent financial services firms from contacting a relative or named contact for a customer when unusual transactions or other activity is spotted.

To help financial services firms and industry achieve better customer outcomes, the Taskforce recommends the following.

We recommend that:

- Regulators should be mindful of unintended consequences and the potential knock–on effects of rules which can be detrimental to customers in vulnerable circumstances. Particularly challenging can be situations where there is no alignment of rules between different regulators. Close collaboration is needed among regulators to ensure there is a regulatory understanding of the holistic impact of specific regulations on customers. Regulators should also provide assurances where potential conflicts between regulations are identified. It would be helpful if regulators more clearly define their expectations of firms and how these align with other regulatory requirements.

- The Information Commissioners Office (ICO) should assist industry to produce guidance on what is acceptable regarding the recording of individual customer vulnerability in order to protect a customer. This should include sharing this information across entities within financial services groups, and what appropriate safeguards banks should put in place. Guidance should also cover how firms can ensure adequate transparency with customers in relation to any such use of their data.
Next steps

A year on from the FCA’s vulnerability discussion paper, the Financial Services Vulnerability Taskforce has delved a little further into the questions around vulnerability, aiming to set out good practice from a range of sources. It has also facilitated a challenging but constructive and positive dialogue between charities, consumer groups, regulators, financial services firms and trade associations.

The Taskforce looked at scenarios from a limited number of case studies and identified specific issues that need further thought. The recommendations in this report centre on common, overarching themes affecting a range of customers in vulnerable circumstances, and to this extent they serve the Taskforce’s vision well. However, deep dives into more specific areas of vulnerability may reveal opportunities for further service improvements.

The Taskforce was set up to perform a specific short-term role resulting in these recommendations. Its members are pleased that next steps will be taken forward by:

1. The BBA’s Retail Policy Committee Vulnerability Sub Group which will be looking at the recommendations with a view to taking these forward within deliverable timeframes.
2. Other bodies that have signalled their intention to consider incorporating some of its recommendations within their codes of practice. This includes the Lending Standards Board and, if agreed for inclusion within the Lending Code, will bring the achievement of improved customer outcomes within their monitoring regime.
3. The BBA’s Consumer Panel, to which the Vulnerability Taskforce reports, and which will be revisiting the recommendations in twelve months’ time to check what progress has been made.

It is also anticipated that other trade associations who have been closely involved in the work of the Taskforce, will discuss the report’s recommendations across their memberships and seek to agree tangible actions to support its objectives.

Over the next few months, Taskforce members will be keen to raise the profile of the report with firms and key opinion formers and to share its findings far and wide.

Beyond the life of the Taskforce its members will be watching with interest to see how firms test some of the ideas within it, and which are found to work well for customers. Our sense is that ‘fintech’ and technological innovation more generally – will have an increasingly significant role to play, and must be harnessed as a force for good to support customers in vulnerable circumstances.
Appendices

Appendix 1 – Methodology

Appendix 2 – Case studies

Appendix 3 – Taskforce membership
Appendix 1 - Methodology

The Vulnerability Taskforce was convened in July 2015, bringing together industry, regulators, consumer groups and charities. Membership of the Taskforce is set out in Appendix 3. Building on the FCA’s recent work on vulnerability, and existing practice in the industry, the Taskforce sought to identify:

- what good practice already exists in financial services, and how this could be adopted more widely;
- what good practice ideas exist in other sectors which financial services companies could usefully adopt; and
- what gaps remain where implementation, policy, technology, products and services could be improved.

The Taskforce considered areas of vulnerability brought about by personal situations, life events or external factors, and, included customers who move in and out of vulnerable circumstances. 47

The Taskforce took the opportunity to look at the case studies from the FCA Consumer Vulnerability paper 48, and to consider further case studies submitted by Taskforce members. This work was focused on understanding how particular situations arose and were handled. Financial services firms on the Taskforce performed status checks against the ‘tips for firms’ as set out in the FCA’s paper, while stakeholders from utilities and other sectors contributed good practice examples.

In total, forty case studies were submitted which the Taskforce examined with a view to establish:

- What did the customer ask?
- What do we believe the customer actually needed?
- Where did problems occur?
- What do firms currently have in place to address or prevent similar situations?
- What feedback loops do firms use to monitor and assess how well these measures work in practice?
- Do firms collaborate with any consumer/third sector groups in relation to these specific types of scenarios?
- What are the main challenges, if any, in improving current systems, policies and practices?
- What good practice examples do we see in other sectors which could be explored in relation to the financial services?

47. C. Fitch and C. Tread, Forthcoming, ‘What does ‘vulnerability’ mean in practical terms? And what should financial service organisations do about it?’

48. FCA 2015: Consumer Vulnerability
A half–day workshop was held in October 2015 bringing together fifty representatives from a range of sectors to discuss 12 themes running across the cases and to start to form a view of what good looks like for these themes:

- Mortgage repayments
- Handling information from unofficial third parties
- Flexible forbearance
- Helping people in financial difficulty
- Insurance criteria
- Disability and access
- Anti-fraud awareness raising
- Power of Attorney
- Bereavement
- Financial abuse
- Specialist teams
- Data protection

All the case studies used at the workshop can be found in Appendix 2.

The Taskforce itself met 3 times and commented on draft recommendations and the draft report. This final report is informed by the expert commentary received from them and others.
Appendix 2 – Case studies

1. Request for a payment holiday during illness
A mortgage customer was diagnosed with breast cancer and her husband gave up work to look after her. They requested a short payment holiday, or conversion to interest only for a short period to help them to manage their money. Their original mortgage product was a tracker (0.75% above base). They were advised that if they wished to convert to interest only, even temporarily, they would have to submit a new mortgage application which would be subject to standard affordability criteria. They were told that they would not meet the affordability criteria due to their changed employment status. Staff demonstrated little empathy or understanding. After a protracted and difficult negotiation (the lender refused to accept a letter of authority), they were offered an interest-only period of six months at the original interest rate. This occurred after weeks of negotiation by Macmillan’s Financial Guidance Service and the need for internal escalation.
(Source: Macmillan Cancer Support)

2. Financial difficulties and short-term severe illness
A customer awaiting surgery for cancer was expected to make a full recovery, but knew she would miss work for three months because of the surgery. Holding a current account, overdraft and unsecured loan with the same bank and anticipating a problem meeting repayments during this period, the customer contacted the bank to discuss options to manage the temporary loss of income. The bank refused to consider any options as no payments had yet been missed and told her to call back when in arrears.
(Source: Macmillan Cancer Support)

3. Communication with bank following illness
Asha had a stroke and treatment for cancer that significantly affected her ability to carry out normal day-to-day tasks. Her vision was affected and she found it difficult to speak. She was racking up charges for late and missed payments during her treatment. When she tried to phone the bank she found that customer advisers kept telling her to speak up and speak more clearly, and didn’t give her the chance to explain that she was unwell and that speaking was difficult for her. They frequently hung up on her as she was trying to explain.
(Source: Revealing Reality cited in FCA 2015: Consumer Vulnerability)
4. Restrictions to banking facilities
Clare is a deputy for her father; Christopher who suffered a traumatic brain injury as result of crash whilst out cycling. Christopher was only 58 when he suffered his injury. Clare was only 24 and struggling to come to terms with her father’s injury and her responsibilities as a court appointed deputy. Clare has had and is continuing to have a poor experience at her father’s bank branch. They initially told her that they she needed to obtain a Lasting Power of Attorney (LPA) which is inappropriate because Christopher lacks mental capacity. A deputyship order (issued by the Court of Protection) is the correct authority in this instance. After the deputyship order was registered, the bank put a stop on all of Christopher’s accounts. Clare was given no access to Christopher’s funds to pay any of his bills. Christopher is still living in his own home. Clare could not pay carers bills and meals on wheels. She had to borrow £800 from her friend just to pay bills and was struggling to cope. After making a complaint, Clare was given access to Christopher’s account but was told she could not have a debit card and she would need to visit the branch to approve transactions.
(Source: Office of the Public Guardian)

5. Dyslexia and support in managing finances
Sarah, who has dyslexia, felt overwhelmed by the written communications she received from her bank. She therefore found it difficult to stay on top of her finances. When she was offered the chance to have an ‘accounts review’ she was excited at the prospect of being able to talk everything through face-to-face. However, when she arrived at the bank, the member of staff spent the whole interview trying to sell her various insurance products.
(Source: Revealing Reality cited in FCA 2015: Consumer Vulnerability)

6. Identification of vulnerability and unaffordable bank charges
A man in his 40s visited his local Citizens Advice for help dealing with his bank. He was an unemployed male, living alone in social housing. He had serious health problems including liver failure, high blood pressure, asthma and mental health problems. Over the last two years he had suffered a series of strokes and was highly dependent on medication. His Employment and Support Allowance payments amounted were below £75.00 per week. From these a number of deductions were taken, including one for rent arrears. For the last two years he had an authorised overdraft facility and had consistently incurred charges. On a number of occasions the whole of his benefit payment had been taken by the bank, so that the client had no money for basic expenditure including food. Although he had tried to negotiate a reduction in his overdraft charges a number of times he had failed to convince the bank that he needed help. The adviser commented that inevitably the constant struggle to manage financially caused real stress for the client, which is all the more serious because of his history of strokes. His daily medication had to be taken with food, and the
client had often been without food for more than a day and had also had to apply for food parcels. The bank did not identify that the client was in hardship or act on his vulnerabilities either from their own data or from their interactions with their customer. He told his adviser that he had told the bank he could not afford the overdraft charges.
(Source: Citizens Advice)

7. Dealing with a relative when terminally ill
A bank customer was hospitalised in the final stages of terminal illness, unconscious and unable to speak to the bank about managing direct debits. A couple of direct debit payments had been missed, charges applied and the customer’s overdraft was cancelled. This resulted in more payments being declined and further charges of over £300 in one month. The bank declined two insurance policy premium payments which almost resulted in the cancellation of the policy and loss of £100,000 life cover. The bank would not deal with the customer’s relative to try and manage the situation and the uncomfortable ‘resolution’ was to transfer the customer’s direct debit payments to another bank account that was still jointly held with an ex-spouse.
(Source: Macmillan Cancer Support)

8. Fraud perpetrated against an older customer – what more could the bank do?
The person in this case was a 75 year-old woman, living alone. She was contacted by fraudsters pretending to be the fraud department of her bank, telling her that her accounts had been compromised and she needed to move her money (most of her life savings) into a ‘safe’ account at a different bank. Accepting what she had been told at face value (and in a state of shock), she attempted to make the transfer to the account number the fraudsters gave her at a different bank but apparently in her name. Her bank’s computer system detected this as a suspect transaction and emailed her asking her to contact the bank to confirm the transaction. The fraudsters anticipated this happening and advised the customer ‘not to mention fraud because we are concerned it is an ‘inside job’ and we are trying to find out who is doing it. Give another reason for the transfer.’ The customer told her bank that the transfer was to assist her daughter who was moving house. The transaction was completed. After discussing the situation with her daughter the customer became concerned that she might have been scammed and rang the bank back. However, the money had already gone.
(Source: Age UK)

9. Proving identity
Financial advocates for people with learning difficulties have reported problems they face. Proof of identity documents such as passport, driving licence or child benefit books are often not held by people with a learning disability and this means they may have to apply for a passport to achieve this proof. They do however, often have other
forms of documentation related to the benefits they receive, or health and social care support services they access. People with learning disabilities often have little or no credit history as they may have never had any loans, mortgages or credit cards.

(Source: Dosh cited in FCA 2015: Consumer Vulnerability)

10. Power of Attorney
Martha and Mike have been appointed jointly as attorneys under a Property and Financial affairs Lasting Power of Attorney (LPA) by their mother Dulcie. Dulcie has now lost mental capacity to make financial decisions for herself. The LPA has been registered with the Office of the Public Guardian (OPG) two years earlier. Martha and Mike attended the local branch of their mother’s bank and presented the LPA with the appropriate evidence of identification. Both attorneys have travelled over fifty miles to attend their mother’s branch. They were told by a member of staff that they had filled in an old type of LPA document and that they would need to fill in a new LPA for it to be valid. They also would not accept it as the address of the donor had changed. The attorneys were confused and telephoned the contact centre at the OPG who confirmed that the information provided by the bank was incorrect and that the deed was indeed valid.

(Source: Office of the Public Guardian)

11. Bank abandons a vulnerable customer when the local branch was closed
A client, nearly 80 years old with no family, living in sheltered housing contracted her local Citizens Advice (CAB) for help. Her bank was closing the local branch and the nearest branch would be very hard for her to get to. The bank suggested online or telephone banking to her, and that she use a local ATM. The adviser said that the client did not understand these banking systems, and was very upset and confused by them. The client did not have a telephone or ATM card. Our adviser commented that our client was in a very distressed state because she needed to use a pass book to pay in and draw out money. A CAB volunteer arranged to go with the client to open up a new account with a different bank. The adviser commented that our client was not given any viable options for her situation by her bank. She was told to use telephone banking when she has no phone, an ATM when she has no ATM card and on-line banking which was not appropriate at all. Our client had no choice but to open a new bank account but this proved very confusing and stressful for her, and she needed extra support to identify this need and act upon it. The bank made no effort to meet these needs.

(Source: Citizens Advice)
12. Dealing with a relative during illness
One person we talked to in the course of our research gave his account of his experience when his father was taken into hospital with a severe illness. The son contacted two banks/credit card providers to try to tell them that his father would not be able to use his account or make payments for a while. One bank refused to talk to him or make any note of the conversation, stating data protection rules prevented them from doing so. The other bank, while making him aware that they could not divulge any information about his father’s accounts, listened to him, expressed concern and said that they could make a note of the conversation so that his father’s condition could be taken into account in the future. This gave the son the reassurance he needed that the bank were aware of this father’s situation. These are two different responses to the same person, trying to cope with a difficult situation, resulting in very different outcomes for the individual.
(Source: Revealing Reality cited in FCA 2015: Consumer Vulnerability)

13. Dealing with a relative during illness
Frank’s father was dying from liver cancer, and Frank cared for him full time. When his father was admitted to hospital, Frank contacted his mortgage lender to let them know a payment might be late but they would not speak to him or log the information. This led to a late payment charge and a few hours on the phone trying to get things resolved.
(Source: Revealing Reality cited in FCA 2015: Consumer Vulnerability)

14. Payment holiday request on mortgage
When Adnan’s mother died, he travelled home to Turkey for a month to organise her funeral. As he would need time off work, he was worried about his mortgage payments. He called his bank to explain the situation and asked if it would be possible to have a four month ‘holiday’ from his payments. After valuing the house, Adnan and his wife were told they were short of £1,000 in equity in the house necessary to be granted a holiday. Instead, they were offered two months on a reduced payment schedule. Since this time, Adnan and his wife have seen their debt levels rise from £1,000 on credit cards to £13,000 to make bills and mortgage payments, and cover expenses related to the death.
(Source: Revealing Reality cited in FCA 2015: Consumer Vulnerability)
Appendix 3
– Taskforce membership

Core Taskforce
Chair: Joanna Elson, Chief Executive, Money Advice Trust
Vice Chair: Robert Skinner, Chief Executive, Lending Standards Board

Core members
Trade associations
Association of British Insurers
British Bankers’ Association
Building Societies Association
Council of Mortgage Lenders
UK Cards Association

Consumer sector/charitable bodies
Age UK
Alzheimer’s Society
Citizens Advice
Essential Services Access Network (ESAN)
Financial Services Consumer Panel
Macmillan Cancer Support
Money Advice Service
Money Advice Trust
Office of the Public Guardian
StepChange Debt Charity
Royal College of Psychiatrists
Toynbee Hall

Wider stakeholder group
Regulators/regulatory networks
Financial Conduct Authority
Financial Ombudsman Service
Lending Standards Board
UK Regulators Network
Commercial companies

Allied Irish Bank GB
Bank of Ireland
Barclays
Capital One
Clydesdale Bank
Coventry Building Society
Cumberland Building Society
Danske Bank
First Trust Bank
GE Money Home Lending
HSBC
Leeds Building Society
Lloyds Banking Group
MBNA
Nationwide
RBS
Santander UK
Sainsbury Bank
Standard Life
Tesco Bank
Together
TSB Bank
UK Asset Resolution
Vanquis Bank
Yorkshire Building Society

Other stakeholders and contributors

Christians Against Poverty
Consumer Finance Association
Payments UK
Shelter
Together Money
Which?

With thanks for their work on drafting the report to
Iris Kapelouzou, BBA
Meg Van Rooyen, Money Advice Trust
Jane Tully, Money Advise Trust
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