

Vulnerability Toolkit:

Reflections on the FCA Draft Guidance



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Does your Organisation Provide a Positive Experience for Vulnerable Consumers?

The Financial Industry

For any organisation operating within the financial industry, the Fair Treatment of Vulnerable Customers is nothing new.

The draft Financial Conduct Authority's guidance was first published in 2019 and with the latest version recently published, there is an expectation that actions are being taken to continually improve customer service for all.

Other Service Industries

If you work within any other service industry, the FCA draft Guidance is not mandatory, however, it is insightful, relevant, and worth implementing.

It focuses on being proactive and making a positive difference so that every customer can access your services.

Treating Vulnerable Customers Fairly

At a basic level, all organisations should recognise that many of their customers may be experiencing temporary or permanent issues with their physical, mental, social or financial well-being. This has certainly increased as a result of the Covid-19 pandemic.

How these customers are treated can either help them to access services and resolve issues, or it can further complicate matters and potentially put people at risk of harm. As every organisation depends on its customers, there should be no reason not to do everything in your power to be polite, respectful and genuinely helpful during every interaction.

Summarising the FCA Guidance on Treating Vulnerable Customers Fairly

If the prospect of reading a 109-page document is overwhelming, this article explains the key points that I have taken away from the FCA Guidance.

The full document is still worth a read, especially as it includes case studies which clearly illustrate what good and bad practice look like.

What is the FCA Looking for?

Page 9 – 1.35 of the Guidance lists actions that the FCA will be looking for evidence of. Does your organisation:

- ✓ Understand the needs of your target market/customer base?
- ✓ Ensure staff have the right skills and capability to respond to the needs of vulnerable customers?
- ✓ Respond to consumer needs through product design, flexible customer service provision and communications?
- ✓ Monitor that the needs of your vulnerable customers are being met and responded to, collecting information on the impact of your policies and processes, and assessing how these are resulting in good outcomes for vulnerable consumers?

Five Key Points for Embedding the Fair Treatment of Vulnerable Customers

To summarise the FCA document in 5 points is a challenge, but my understanding is:

1. Vulnerability is now centre stage
2. Organisations need to embed vulnerability into their culture
3. Staff must have the skills, resources, and capabilities to engage and support vulnerable customers
4. Organisations must be responsive and proactive in identifying and supporting vulnerable customers
5. Communication is key

We will explore these 5 points in greater detail in this document.

Five Key Points for Embedding the Fair Treatment of Vulnerable Customers

1. Vulnerable Customers take Centre Stage

Vulnerability has come to the fore during the global pandemic and this is reflected in the guidance. Rather than use uncertainty as an excuse not to act, the FCA expects services for vulnerable people to be a priority.

“With Coronavirus significantly increasing the number and severity of issues affecting consumers, now more than ever, firms should be paying particular attention to the needs of vulnerable customers.” - Page 5 - Paragraph B

“In our view, the guidance is more relevant now than ever and remains valid for firms to use during the current circumstances as well as in the long term.” - Page 6 - 1.21

2. Embedding ‘Fair Service for All’ into an Organisation’s Culture

The FCA guidance makes it clear that this is not a one-off, tick box exercise. Organisations need to embed vulnerability into the workplace culture. Monitoring, reviewing and gathering feedback to inform continuous improvement demands a proactive, long-term approach. This requires buy-in from senior management.

“Senior leaders in firms should create and maintain a healthy culture in which all staff take responsibility for reducing the potential for harm to vulnerable consumers.” - Page 8 – 1.29

“We have seen the best outcomes for all consumers achieved where commitment comes from the top and where there is a culture of feedback and learning from the frontline staff.” - Page 62 – 1.20

3. Staff are Capable of Recognising and Responding to Vulnerable Customers

Recognising vulnerability and having the skills, knowledge and resources to respond appropriately will be a challenge for many employees. Training needs to be in place to raise awareness and build confidence. Employees also need to be empowered to adapt standard processes to better meet the needs of vulnerable customers or signpost to others.

“Front-line staff should be capable of exercising particular care to adapt to the consumer’s needs and be able to exercise judgement on when it is necessary to do so.” - Page 78 – 3.10

“Staff should be able to recognise when it is appropriate to seek additional or specialist support.” - Page 78 – 3.11

4. Responsive and Proactive Services to Reduce the Risk of Harm

The FCA Guidance recognises that services which prevent vulnerable customers from accessing support, information and services can be detrimental. Organisations should invite customers to share vulnerabilities without consequence and provide the earliest intervention to minimise disadvantage.

“Firms need to respond to the needs of all consumers along the spectrum of vulnerability. In doing so, they should take particular care to ensure they meet the needs of consumers at the greatest risk of harm.” - Page 27 – 3.56*

*The Spectrum of Vulnerability is illustrated in figure 5 on **Page 74**

“Firms should be proactive in offering support and should enable consumers to discuss any additional needs they have so they can deliver appropriate customer service.” - Page 87 – 4.34

“Consumers should not have to repeat information (‘Tell us Once’ policy).” - Page 93 – 4.61

5. Communication is Crucial

Communication with staff and customers is a crucial element in successfully identifying, supporting and improving outcomes for vulnerable customers. What has to be remembered is that some communication channels are not readily accessible to everyone.

The Guidance highlights *“The importance of flexible and appropriate communications where necessary to ensure communications are accessible and understandable by vulnerable consumers in their target market and customer base.” - Page 31 – 3.80*

Implementing Change

The concept of treating vulnerable customers fairly is nothing new for the financial industry. As the FCA Guidance refers to existing Principles, it is expected that organisations can already evidence changes that have been made to improve experiences for vulnerable customers.

The Implementation Period

The document states that there is no implementation period. Once the final guidance is published it will take immediate effect. If you haven't already taken action, now is the perfect opportunity to perform a vulnerable customer audit to identify any gaps in your strategy and create an action plan.

"We want to introduce Guidance to drive change by providing clarity and focusing firms' attention on what they should do to comply with our rules and ensure that vulnerable consumers are treated fairly and consistently. This Guidance does not provide a checklist of required actions, rather it provides options for ways in which firms can comply with the Principles." - Page 43 – 14

"We will use the Guidance to hold firms to account against the standards set by our Principles. While firms are not bound to adopt any of the specific actions described in the Guidance they must ensure they comply with the Principles and treat vulnerable consumers fairly." - Page 22 – 3.18

What are the Costs of Implementing Good Working Practices?

This is a difficult time for any business, so the thought of spending on vulnerable customers may not feel like a top priority. It is important to remember that small changes can make a big difference. Respect and a genuine willingness to help every customer need not cost a penny.

The FCA Guidance provides this information on cost implications: *"The break-even point at which ongoing benefits would exceed ongoing costs would be an average between £50 - £180 per consumer per year."* - Page 50 – 49/50/51

The cost of non-compliance or of losing customers through an unwillingness to adapt will be considerably higher.

Top Tips for Getting up-to-speed with Vulnerable Customer Service

Tip One

If this summary has sparked your interest in reading the full FCA Guidance document, I would suggest starting on **Page 58**. This is the point at which the guidance begins. You can then go back to the start to read through their findings, feedback and costings, and re-read the guidance in it's context.

Tip Two

Helen Pettifer Training offers a free [Vulnerable Customer Policy template](#) and [Signposting Resource document](#) that can help to move things forward.

Tip Three

Remind your team about your current customer service policy; it should apply to every interaction. At the very least, remember that small gestures such as eye contact, taking time to listen and a genuine smile can make a difference.

Treating Vulnerable Customers Fairly

It has always been good practice to treat all customers with respect; without them, your business cannot exist. Some customers require a little more care to be able to access your services. You have to make it as easy as possible.

The pandemic has impacted every organisation, but rather than providing a reason not to act, this is the perfect time to ensure that good practice is at the heart of your operations. With more vulnerable customers than ever, it is vital to help people to get back on track, rather than adding to their difficulties.

If you would like to find out more about my Vulnerable Customer training and resources, please get in touch.

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