



# Vulnerable Customer Guide



## Identifying and treating vulnerable customers fairly in financial services.

UK financial services providers are faced with new regulatory expectations outlined in the Consumer Duty to: **“act to deliver good outcomes for retail customers”**.

The FCA requires firms to “monitor and assess whether they are meeting and responding to the needs of customers with characteristics of vulnerability, and make improvements where this is not happening.”[1]

This means firms must take steps to spot signs of vulnerability in all customer interactions. And of course, many of these interactions happen by phone or email – where they’re also recorded for future review by customers and regulators if necessary.

It’s crucial, for customers as well as the firm’s own reputation, to make sure that every conversation indicating vulnerability is dealt with appropriately.



## What is a vulnerable customer?

According to the FCA, a vulnerable customer is: “someone who, due to their personal circumstances, is especially susceptible to harm – particularly when a firm is not acting with appropriate levels of care.”[2]

Clearly, this is a broad definition. Every firm should take steps to predict and define the specific characteristics of vulnerability that are likely within its own customer base and target market.

To help you do this the FCA's guidance features 4 key drivers that may lead to customers being vulnerable. These provide a useful starting point:

### Health:

Conditions or illnesses that can affect the customer's ability to carry out day-to-day tasks – from deafness through to learning difficulties.

### Life Events:

Bereavement, job loss, relationship breakdown and other events that can make it harder for a customer to cope.

### Resilience:

Low ability to withstand financial and emotional shocks and difficulties.

### Capability:

Poor knowledge of financial matters; low confidence in managing money; lack of literacy or digital skills.



## Identifying vulnerable customers in your business

Thinking about your own customers with reference to the 4 key drivers above can help you predict and understand the signs of vulnerability that your contact centre agents could encounter.

For example, do you have customers who:

- Fail to understand simple messages – even delivered slowly?
- Struggle in dealing with a product or service due to difficult life events? For example, a newly widowed customer who mentions that their partner always used to deal with these matters.
- Become unduly agitated when required to make a decision or in response to unwelcome news, such as a declined application?
- Seem unable to understand messages that you might have sent them in a letter or SMS? Or have difficulties following simple conversations involving numbers?
- Simply agree with everything the agent is saying, without really participating in the conversation? This could indicate different types of vulnerability, including deafness and language difficulties.

There are, of course, many other potential examples that could apply to your business.

Predicting how customer vulnerability could present itself in your customer interactions is now a key requirement. As is preparing your agents in dealing with it when it arises.



## Responding to vulnerable customers

Customer service staff can initially be hesitant or apprehensive in dealing with vulnerable customers.

This is entirely understandable but can be readily addressed through effective training and peer support across the team.

Some forms of vulnerability, such as acute emotional distress, are relatively easy for agents to spot and respond to.

Other, less obvious, characteristics can be identified through training and careful monitoring of conversations – paying attention to “tell-tale” phrases such as “I can’t read my bill”, “I’m having trouble paying” or “I can’t understand the letter you sent me”.

One effective way to bring potential vulnerability to the surface is for the agent to ask appropriate questions and provide a clear summary at the end of the call. This can help ensure that customer’s understanding is correct – and that agent has also fully understood the customer’s requirements.

Empathy and support are essential in all dealings with vulnerable customers. This demands an ability to see things, as far as possible, from the customer’s viewpoint.

Some customer service teams even have designated “Vulnerable Customer Champions”; agents <sup>who</sup> are highly skilled in this area to support their team members – even being available to take over the conversation with particularly vulnerable customers.

### In conclusion

All customer service staff members need to be aware of:

- The moral and regulatory need to treat all vulnerable customers fairly.
- The forms of customer vulnerability that they’re likely to encounter in their customer communications.
- How to respond appropriately to vulnerable customers.

Agents should also be encouraged to highlight any issues that they encounter in calls with vulnerable customers. This enables team managers to check that these calls have been correctly handled. And of course, it’s vital for the service managers and the QA team to monitor all calls carefully to ensure the fair treatment of customers in vulnerable circumstances.

You can find further information in our [Vulnerable Customers White Paper](#). This includes details of how Voyc – the AI compliance call monitoring software – boosts QA effectiveness by automatically monitoring 100% of customer calls – with immediate alerts to any call that appears to indicate a customer in vulnerable circumstances.

With the FCA’s sharp focus on the Consumer Duty, compliance call monitoring can provide invaluable reassurance to any financial services company. Should you be interested in learning more about how Voyc can add value to your business please visit [www.voyc.ai](http://www.voyc.ai).

## References:

[1] Financial Conduct Authority (FCA). Finalised guidance, FG/21/1 Guidance for firms on the fair treatment of vulnerable customers, February 2021 (paragraph 1.9)

[2] Financial Conduct Authority (FCA). Finalised guidance, FG/21/1 Guidance for firms on the fair treatment of vulnerable customers, February 2021 (paragraph 1.1)