Financial difficulty

Customer outcome: customers in financial difficulty, or in the early stages of the collections process, will receive appropriate support and fair treatment, across the different communication channels offered, in order to help them deal with their debts in the most suitable way.

Firms will achieve this: with systems and controls that are capable of identifying and subsequently, supporting customers in financial difficulty. Firms should be able to demonstrate that a sympathetic and positive approach has been applied when considering a customer's financial situation.

FD1. Firms should have triggers and processes in place to identify customers who may be in financial difficulty and should act promptly and efficiently to address the situation with the customer. [CONC 7]

FD2. Customers identified as being in financial difficulty should be provided with clear information setting out the support available to them and should not be subject to harassment or undue pressure when discussing their problems. [CONC 7]

FD3. Firms should demonstrate an empathetic approach to the customer's situation; listening to and acting upon information provided by the customer with a view to developing an affordable and appropriate solution.

FD4. If an offer of repayment is made via the standard financial statement, this should be used as the basis for pro-rata distribution amongst creditors covered by the plan. [CONC 7]

FD5. Firms should have appropriate policies and procedures in place to identify and support vulnerable customers where this impacts on their ability to pay. [See also consumer vulnerability]

FD6. Firms should signpost customers who may be in financial difficulty to appropriate support and information which reflects their circumstances and, where appropriate, signpost customers to third parties offering free, impartial debt advice.

FD7. Firms should apply an appropriate level of forbearance, where, after having made contact with the customer, it is clear that this would be appropriate for their situation.

FD8. Where a customer remains engaged with the Firm and maintains their repayment plan, they will not be subject to unnecessary contact.

FD9. Firms should consider freezing or reducing interest and charges when a customer is in financial difficulty. [CONC 7]

FD10. All communication with the customer/their authorised third party will be undertaken in a clear and open manner, via the customer's/third party's preferred method of communication (where this is known, appropriate and available). [CONC 7]

FD11. Firms should take into account the customer's circumstances and consider whether it would amount to a fair customer outcome to pursue, or to continue to pursue, the amount owed.

FD12. Firms should follow a robust due diligence process when selecting third parties for debt sale or debt collection activities to ensure that customers will continue to be treated fairly, in line with the requirements of the Standards of Lending Practice.

FD13. Where third parties are used to undertake debt collection activities, firms should adhere to the governance and oversight requirements on outsourcing during the credit process/life cycle. [See GO7]

FD14. Firms should ensure that, when a customer's debt is sold, monitoring is undertaken at least annually where a firm continues to sell debt to a purchaser, and for a further two years after a firm has stopped selling debt to that purchaser.

FD15. Where a firm is aware that a customer has an ongoing mental health or critical illness that affects the customer's ability to repay their debt(s) or that a customer is terminally ill, the debt(s) should not be sold.