

Financial Services Vulnerability Taskforce

Principles and recommendations

Review of progress towards implementation

Summary Report

October 2018

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Introduction

Vulnerability remains an important topic for the industry, consumer bodies and regulators, with a growing focus on the delivery of fair customer outcomes. Following release of the FCA's occasional paper no. 8,¹ the financial services industry responded by launching the Financial Services Vulnerability Taskforce, (the Taskforce) consisting of key industry stakeholders, charities and consumer groups, chaired by Joanna Elson, CEO of the Money Advice Trust. The output was a detailed report, 'Improving outcomes for customers in vulnerable circumstances'² containing nine Principles and a series of recommendations which the industry voluntarily agreed to take forward.

Following launch of the Taskforce report it was intended that further assurance work would be undertaken to understand how firms had progressed with the implementation of the Taskforce Principles and recommendations. UK Finance, its members and the UK Finance Consumer Advisory Group approached the Lending Standards Board (LSB) to conduct this review. This work was completed between April to July 2018.

The LSB is a self-regulatory body operating in the financial services industry, which provides independent oversight of adherence to voluntary standards for its registered firms. The standards that currently fall within the LSB's remit are the Standards of Lending Practice for Personal Customers, the Standards of Lending Practice for Business Customers, the Access to Banking Standard and the Vulnerability Principles. The Standards of Lending Practice cover loans, credit cards and overdrafts, while the Business Standards have been recently extended in 2018 to include commercial mortgages and asset finance. The LSB's vision is to ensure that all personal and small business customers receive a fair deal from their lender.

Objectives and Scope

The objective of this piece of work was to understand how each firm involved in the review is meeting the Principles and recommendations of the Vulnerability Taskforce report. This included focus on more detailed codes of practice developed under the Taskforce recommendations, namely the Bereavement Principles³ together with the progress being made in respect of Third Party Access Principles⁴ which firms have until March 2019 to implement.

The LSB's assessment considered vulnerability across the entire customer and product journey in consumer credit, transactional banking, savings, and mortgages; reviewing the key controls and processes that firms have in place (from product design through to collections) and to include an understanding of:

- Firms' overarching policies on vulnerability, how vulnerability is defined and in particular, how the fluctuation of vulnerable circumstances is taken into account, the support and assistance offered, and any barriers firms face in managing customer outcomes;
- The process firms undertake to provide customers with access to practical help and information, including external sources of advice and support relevant to their situation;

¹ www.fca.org.uk/publication/occasional-papers/occasional-paper-8.pdf

² <https://www.ukfinance.org.uk/vulnerable-customers-report>

³ https://www.bba.org.uk/wp-content/uploads/2016/03/BBA01-458427-v1-Bereavement_Principles.pdf

⁴ <https://www.ukfinance.org.uk/wp-content/uploads/2017/09/Principles-to-improve-customer-access.pdf>

- The process for recording and sharing sensitive information (details of a vulnerable situation or any adjustment required) and the adequacy of systems to provide an integrated, single customer view across the firm, including implementation of the Bereavement Principles;
- The policies and processes in place or being implemented to assist customers in allowing third parties to help with managing their money;
- The policies and processes in place or being implemented to protect customers from being scammed or financially abused;
- The adequacy of staff training in the front line (including the process for referral) and specialist teams (where relevant) to allow for flexibility in decision making;
- The extent to which internal systems, policies and processes allow for a flexible response to take account of individual customer circumstances; and
- The level of monitoring and feedback that takes place to assess the effectiveness of the policies, processes, training and controls in place.

This report provides a summary of the themes identified from our work, identifying areas where improvements need to be made in the application of the Principles and the recommendations, as well as areas of good practice which could be considered for adoption more widely.

Out of Scope

Due to implementation timescales of this project, we have excluded a review of the Financial Abuse Code of Practice, which is currently being developed by UK Finance and its members. The Taskforce recommendations included the development of protections for consumers at risk of economic abuse.

Insurance and investment products were excluded from the range of products reviewed.

Approach

Six firms took part in this review. Initial meetings were held with each firm to gain a high-level understanding of the approach taken to dealing with customers in vulnerable circumstances.

This was followed up with a detailed information request, which enabled a desk-based review of documentation to be undertaken, prior to an onsite meeting with senior managers and other key staff members. We visited several operational sites to carry out testing to assess customer outcomes. The functions visited included fraud and scams teams, bereavement teams, collections and recoveries units as well as branches and contact centres.

The final part of our work involved meetings with representatives of consumer groups, who were members of the Taskforce, to obtain their input.

This report summarises how the industry has approached and implemented the Principles and recommendations to improve outcomes for customers in vulnerable circumstances. Where we have identified any findings and made recommendations to individual firms these have been included in firm specific reports. These ungraded reports have been issued to firms following the onsite visits, and we will monitor all actions through to resolution.

The report splits our findings and observations into three categories as follows:

Category	Action or response required
Non-adherence	Firms are not adhering to an element or elements of the Principles and remedial action is required.
Enhancement	Firms have made progress with, or are meeting the Principles, but there are opportunities for strengthening adherence or enhancing existing processes to improve outcomes; firms are encouraged to consider implementing these and providing a rationale if they choose not to adopt.
Good practice	Good practice examples have been observed and are presented for firms to consider; no further action is required if firms decide not to adopt.

1. Executive Summary

Background

Vulnerable circumstances can affect any one of us at any point in our lives. Vulnerability can arise due to personal factors, life events or wider circumstances. It is acknowledged that they may be permanent or temporary and could impact customers directly or their family and carers.

Opinion

The firms involved in this review have approached the adoption of the Vulnerability Taskforce Principles and recommendations in a positive manner and overall compliance is good. While the six firms reviewed are at different stages in their 'vulnerability journey', all have made progress which ranges from satisfactory to substantial.

All firms have implemented an overarching policy and related procedures for dealing with vulnerable customers, although we did find differences in the extent of their development and implementation.

There is a clear culture in the firms to ensure they do the right thing, with support from senior and executive management. Identification of a customer in vulnerable circumstances, or self-disclosure by the customer, is the first step in enabling firms to gain an understanding of their needs and the possible solutions available. These should, however, be based on what the customer needs and not just on providing a pre-determined solution based on the type of vulnerable circumstance identified; we would expect the outcome to be driven by the requirements of the customer. Firms are at different stages in their journey in achieving this.

We are also conscious that there is still a perceived trust gap which firms and the wider industry will need to bridge for customers to feel confident that, if they declare their circumstances, they will be supported and not penalised. This is especially important at application stage or if a customer gets into financial difficulty.

The detailed report contains commentary on how well the industry is meeting the requirements of the Principles, with one exception, in relation to Principle 9. This Principle is focussed on inclusive regulation and our comments are aligned to this.

Findings

Non-adherence

We have identified just one incidence of non-adherence to a specific recommendation contained in Principle 3 which is related to the ability of firms to share information across the organisation once they have been notified of a customer's circumstance. More work is needed here although developments in this area can be challenging to achieve due to firms' legacy systems. The remaining recommendations in Principle 3 are all tracking as expected.

Enhancements and good practice

Principle 1 - flexible response: Staff should be empowered to make decisions and step outside of standard processes if this provides the right customer outcome, enabling staff to take ownership and 'do the right thing'. Any decisions should be fully recorded, with the customer's explicit consent, and be underpinned by adequate management oversight (*enhancement*).

Principle 1 - third sector engagement: Firms should continue to engage with external organisations and charities as this raises awareness of issues which can affect customers and understanding of how

best to support their needs. We would suggest there is merit in more work being completed on a collaborative cross sector basis (*good practice*).

Principle 1 - inclusive products: Firms should ensure product design, review and change mechanisms include consideration of vulnerable circumstances. Where possible, representation or inclusion of vulnerable customer teams as a key stakeholder should be considered (*enhancement*).

Principle 2 - training: Focussed training sessions which impair visibility, hearing or other senses can help provide an understanding of how a disability can impact customers in operating their accounts. This is important to ensure staff provide access to the various solutions a firm has in place (*good practice*).

Principle 2 - awareness of support: Staff should be reminded regularly of the types of support organisations that are available to assist customers in vulnerable circumstances. Awareness of their services will help in directing customers or their family, carers and friends, when they require extra support (*good practice*).

Principle 3 - customer engagement: Calls conducted in more of a conversation style, rather than a scripted approach, meant staff are able to clearly explain the need to record personal information and why this will help the bank to take account of the customer's individual circumstances. This could be included as part of soft skills training to staff (*good practice*).

Principle 3 - bereavement: Bereavement staff should receive training on the wider spectrum of vulnerable circumstances. Due to the nature of the subject we would expect staff to undergo soft skills training which should also be reflected in quality assurance programmes (*enhancement*).

Principle 3 - notification of death: Within one firm customer representatives are able to register a death via their website without a need to visit the branch and present the death certificate. Where a branch visit is made without a death certificate, staff can use a trace function linked to the Government registration service to enable account information to be updated. (*good practice*).

Principle 4 - referrals to support: Case studies, agreed with central vulnerability teams, could be shared with front line staff to provide examples of when it is appropriate to refer customers for additional support and could be included as part of ongoing training programmes (*good practice*).

Principle 4 - communication: Clear communication of team functions and titles avoids the risk of causing confusion and ensures that customers are referred to the correct place for assistance (*enhancement*).

Principle 4 - group vulnerability support: Where a number of customers are impacted by the same circumstances, for example, the collapse of a large employer or community disaster, firms could develop processes that allow for a co-ordinated response, flexible support and changes to usual processes to assist impacted customers (*good practice*).

Principle 5 - third party support: Empowerment of staff to apply flexibility to processes can help customers requiring third party support to operate their account. During a branch visit a third party was able to obtain payment of fees to a care home, on production of adequate evidence, even though there was no specific authority in place, allowing time for a fuller third party authority or power of attorney to be sought (*good practice*).

Principle 6 - fraud and scam education: Education can be a key intervention in preventing customers from falling victim to fraud and scams. We noted initiatives aimed at certain populations of customers, for example visits to care homes, and joint events run in branches with members of local police forces to raise awareness of fraud protection measures and how to avoid scams (*good practice*).

Principle 7 - oversight: Oversight programmes should include an element of soft skills testing covering assessments based on tone of voice, listening and hearing what customers need, and showing empathy. This should also take into account whether the right customer outcome is achieved, not just an assessment of policy and process adherence (*enhancement*).

Principle 7 - vulnerability forums: These are a useful way to disseminate messages throughout a firm. Depending on the size of the firm this could include representation from various business channels and cross products, including a voice from front line staff, allowing for the sharing of good practice, experience from real life situations and results of assurance work. These forums could also be used as a method to share ideas and innovations for providing support to customers (*good practice*).

Principle 7 - feedback: Firms should consider implementing a defined feedback loop within their organisation, available to both customers and staff, to enable a more holistic view of performance and treatment of customers in vulnerable circumstances (*enhancement*).

Enhancements to Principles and Recommendations

The Principles and recommendations have been designed to enable firms to have the flexibility to ensure application for their customer base does not force a 'one size fits all' approach. The recommended enhancements and good practice in this report look to maintain this approach whilst continually helping to develop current practices to deliver good customer outcomes.

Whilst reviewing how firms are adhering to the Taskforce Principles and recommendations we have also considered if there are opportunities to amend or update the content too. Our comments in this area are designed to provide areas for discussion between firms, UK Finance and the wider stakeholder community. These are areas where we feel there is an opportunity to enhance the current Principles and recommendations.

- Third parties – All of the firms we reviewed have well established third party relationships with other organisations that are key within the customer journey. Some of these third parties will have direct contact with customers and therefore we feel an explicit requirement for firms to ensure these Principles are followed by the third party would be an enhancement.
- Training and Quality Assurance – Whilst both areas are covered in the detail of the Principles and recommendations we feel they are two fundamental areas in ensuring firms meet both the letter and the spirit of the requirements. There may be merit in drawing out these two areas and introducing specific sections on training and quality assurance which would enable good practice to be highlighted more clearly.

Benchmarking

This element of the report aims to provide a view on how the banks that participated in this review have performed against each of the Principles and recommendations and how they compare to one another. The assessments are subjective based on whether, from the work undertaken, each of the banks is where we would expect them to be in meeting the Principles. The results support the general direction indicated by the findings in the report, i.e. some Principles where firms are exceeding expectations, some which are on track and two which indicate there is a more work to do.

2. Detailed report

2.1. Principle 1

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

We were encouraged to see a desire amongst staff of all levels to do the right thing for vulnerable customers. A positive culture is being driven by senior management and flowed throughout every organisation to frontline staff. Senior management have accepted accountability for vulnerability strategies and, for the majority of firms, teams have sufficient resource and influence to complete their role effectively.

Policies are consistent in emphasising the many types of vulnerable circumstances customers may encounter, with differing approaches by firms in how they have disseminated the policies for inclusion within operating procedures. (See 'escalation' in the findings for Principle 4).

Every firm has in place a dedicated team to lead on customers in vulnerable circumstances from a strategic perspective. This is an important resource within each business, allowing best practice and the development of the vulnerability strategy to be driven centrally across business areas. These teams also act as subject matter experts and advocates across the businesses.

All firms have delivered training on customers in vulnerable circumstances across their organisations. This has included training in the use of TEXAS, and IDEA models.⁵ We found that frontline staff and specialist teams have received more focussed training related to their role. Staff were able to articulate the various training they have undertaken and how this applies to their role when providing support to customers.

Whilst we were provided with examples of training material, we did identify some weaknesses across firms in dealing with customers in vulnerable circumstances. These weaknesses are due to differing factors but include the need to widen the coverage and focus of training programmes at some firms, supported by enhancement to quality assurance programmes, to ensure effectiveness of training.

We conducted a number of call assessments whilst on site to provide a view on the customer outcomes which are being achieved and how well staff listen to customers and respond to their situation. In the majority of cases staff are empathetic and pick up on explicitly declared vulnerable circumstances, and terms used by the customer, which may indicate a vulnerability.

There were occasions, both across the different firms and across different functions, where we felt staff could have performed better. Examples included talking over customers, building rapport but then reverting to following process and discussions feeling 'scripted' in their delivery. Although we did not find any evidence of systemic issues which were driving the wrong customer outcomes, or which resulted in customer detriment

Where we have identified specific issues or weaknesses in call handling this has been raised with the individual firms.

⁵ For more information on TEXAS, IDEA and other practical tools to assist staff in dealing with conversations around vulnerability see Vulnerability: A guide for debt collection (2017), <http://www.bristol.ac.uk/media-library/sites/geography/pfrc/pfrc1701-21-steps-vulnerability-and-debt-collection->

Enhancement: Staff should be empowered to make decisions and step outside of standard processes if this provides the right customer outcome. A flexible approach allows staff to take ownership and 'do the right thing'. Any decisions should be fully recorded, and with the customer's explicit consent, detailing the customer's circumstances that have driven this need for flexibility.

Management should ensure adequate oversight of this type of practice, which will identify if wider policy and process change is necessary, whilst ensuring staff are achieving good customer outcomes.

Good Practice: Engagement with external organisations and charities is undertaken by all firms. This was at both a central and local level. Building these relationships is helpful in raising awareness of issues which can affect customers and understanding how best to support their needs. We would encourage continuation of this engagement but would suggest there is merit in more work being completed on a collaborative cross sector basis.

When designing products or making product changes, firms have in place structured and robust approval mechanisms which require input from a number of internal stakeholders. The best examples of these processes included input from the vulnerable customer teams at an early stage. This input included consideration from a variety of perspectives including accessibility, transient vulnerabilities and simplicity of design.

Enhancement: To ensure products remain inclusive, customer focused and flexible to meet changing customer needs, firms should ensure product design, review and change mechanisms include consideration of vulnerable circumstances. Where possible, representation or inclusion of vulnerable customer teams as a key stakeholder should be considered.

Industry developments

The industry is investing in digital innovation to keep pace with the changing way in which customers bank. This is an area in which all firms appear to have good links between digital and vulnerable customer teams, with user testing and feedback a key aspect. The design of digital propositions considers the needs of customers especially from an accessibility position with all firms providing solutions to assist customers. Examples included sign video, web video tutorials on how to better access mobile apps and talking ATMs.

A challenge still exists in identifying customers in vulnerable circumstances who only interact digitally but do not make their provider aware of their situation. Firms are implementing various tools to help identify when a customer may need more support. Such tools include monitoring the time dwelt on digital pages to identify stumbling blocks in the user experience or the need to provide more information. Adding friction points into the digital journey can also be helpful in providing customers with adequate time to consider whether the product is appropriate for their needs before completing the application process.

2.2. Principle 2

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.

All firms offer customers a wide variety of communication channels depending on their preference. There are no barriers to accessing the different channels and frontline staff are able to guide customers to use their preferred channel. We also identified flexibility in use of different channels depending on the product proposition. For example, a customer can use online banking for their current account but still receive paper statements, if they so wish.

All firms have a variety of tools available to assist customers with accessibility needs. Frontline staff, especially those in the branch networks, are encouraged to offer solutions to customers where needed. In addition, each firm has detailed information on the support and tools available via their website. Every firm offers access to Signvideo services together with braille or large print options for paper communication, while other support tools are also available depending on the needs of the customer.

Good Practice: We were provided with details of focussed training sessions which impair visibility, hearing or other senses to understand how solutions can help. An understanding of how a disability can impact customers in operating their accounts is important to ensure staff provide access to the various solutions a firm has in place.

Where a customer has requested an alternative communication method, subsequent quality assurance checks ensure that the process has been followed correctly and the customer's accounts have been appropriately updated.

Each firm has established support teams to assist customers in vulnerable circumstances. There is a variation in the terms used to describe each team, which include specialist support, customer care, financial assistance, and customer priority team. Firms are very clear in the need to avoid the term vulnerable or vulnerable customer as these are not terms that customers would associate with themselves. Further details on the specialist teams and referral process is contained under Principle four.

Signposting to third party organisations is key as it can sometimes lead to assistance for a customer beyond the scope and expertise of the firm. All firms had links with several external organisations including Money Advice Trust, StepChange, Citizens Advice and others. Central support teams are very experienced in referring customers to these organisations, and others, to obtain additional support depending on their circumstances. We understand that some firms have been working directly with other charities to assist with providing more specialist assistance and support to customers.

As mentioned elsewhere in this report we also see the merit in there being a more collaborative approach to engagement between the industry and third party organisations. This would provide an opportunity to explore any issues affecting customers, discuss solutions and share good practice.

Good Practice: Staff should be reminded regularly of the types of support organisations that are available to assist customers in vulnerable circumstances. Whilst we do not expect staff to have an in depth understanding of each of these organisations, awareness of their services will help in directing customers or their family, carers or friends, when they require extra support.

2.3. Principle 3

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

Bereavement Principles

We found variations across firms in how systems and records are updated when customers are identified as being in a vulnerable situation. These variations include the use of markers and flags or updates to system notes. There are also differences in approach within the same organisation, depending on the channel through which the customer has engaged.

Apart from notification of bereavement or third party authority, none of the firms reviewed currently have the ability for customers to notify their circumstances or characteristics once and, with explicit consent, for this to be shared across relevant parts of the organisation. All firms are currently working to implement solutions to address this gap, which we acknowledge can sometimes be hampered by legacy systems. Where customers are supported by specialist teams or functions, there is often better sharing of information and consideration given to all products held by the customer. We did however find that these examples are mainly in the collections and recoveries functions, where specialist teams are trained to deal with all products held.

Non-Adherence: The one-stop notice recommendation contained in Principle 3 is not being fully met by any of the firms involved in this review. We recommend that firms continue to work towards a full 'one stop notice' through intelligent and controlled information sharing. Any development should be appropriate for use across all channels used by customers. In the meantime, where possible, mitigating actions should be considered to help avoid customers having to repeat their circumstance each time they engage with the firm.

Whilst information may not be fully shared, there is consistency of approach by staff in obtaining explicit consent to record information and explanations as to how this may be used. As mentioned previously, training in the use of the TEXAS model has been helpful to ensure consistency of approach.

Good practice: During our call listening we found that where staff read a disclaimer or script this came across as stilted and impersonal, whilst not imparting any messages particularly well as customers became disengaged. In the calls made by staff in more of a conversation style they were able to clearly explain the need to record personal information and why this will help the bank to take account of the customer's individual needs. This could be included as part of soft skills training to staff.

In relation to bereavement, all firms have in place processes that enable the bereaved or their representatives to report a death only once and this would be notified across all products held. Most firms have dedicated teams which deal with both notification and subsequent processing of legal documentation through to closing of the customer's account(s). Again, this process is also helpful for notifiers who have a single point of contact should they have any queries.

Staff in the bereavement teams are provided with role specific training which focusses on the complex legalities of estates, executors and probate. In addition, some firms have provided enhanced vulnerability training to assist in identifying circumstances beyond the bereavement which may be having an impact on the notifier or surviving customer.

Enhancement: Firms should ensure that bereavement staff receive training on the wider spectrum of vulnerable circumstances, in order to provide full support. Due to the nature of the subject we would expect staff to undergo soft skills training which should also be reflected in quality assurance programmes.

All firms provide information through their websites on what to do in the event of the death of a customer, the type of information which is required and where this should be sent. Most notifiers will initially approach branch staff, who will act as first point of contact, even if subsequent contact is via central teams. However, branch staff were keen to stress they would still act as a conduit between the bereaved and central functions if this is needed or if there are additional support requirements.

Representatives are dealt with promptly and there are consistent timescales in relation to acknowledging a bereavement. Communications sent to customers are suitably sympathetic and convey condolences, whilst providing point of contact information and explanations relevant to the bereavement process. Information packs include signposting to relevant third party organisations, for example, the bereavement support charity Cruse.

Processes exist which allow for payments to be made from the deceased customer's account where necessary such as funeral costs or probate fees. Staff have some flexibility to authorise other payments where necessary, which is managed on a case by case basis. All firms have established the level at which probate is not required, and this is under regular review to ensure it is at an appropriate level.

Good Practice: One firm has made a number of improvements to its processes for notification of a death and subsequent access to funds. Customer representatives are now able to register a death via their website without a need to visit the branch and present the death certificate. In addition, where a branch visit is made without a death certificate, staff can use a trace function linked to the Government registration service to enable account information to be updated. We would suggest this functionality can help customer representatives during what is often a difficult time.

In June 2018 the industry launched the Death Notification Service⁶ and all firms involved in this review are signatories. We see this as a positive enhancement and provides customers with a convenient and seamless way to deal with reporting a bereavement, during what can be a difficult time. When a notification is received, the relevant organisations will update their records and advise the person who contacted them of the next steps. Notifiers can expect to receive communication from firms subscribing to the services within 10 calendar days.

2.4. Principle 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.

Each firm visited has specialist support teams in place, with the longest established teams being part of the collections and recoveries function. This results from the fact that vulnerable circumstances

⁶ <https://www.ukfinance.org.uk/financial-services-industry-launches-death-notification-service/>

are often first identified when a customer falls into arrears on their borrowing. As firms have developed their processes, teams in these functions have tended to be the first to be set up. Depending on the maturity of a firm's strategy, there are other support teams or designated specialist staff in other functions.

Where specialist teams have been established frontline staff are encouraged to refer customers when it is identified that additional support is required. The knowledge of when and where to refer customers is built into training programmes rolled out to staff. This is supported with additional guidance available through internal online resource hubs including details of escalation routes for concerns or queries.

As mentioned previously there are still gaps in 'tell once' processes and recording of information. However, once a customer is identified as being in a situation which requires additional support, the specialist team will normally take ownership, which helps customers to have a single point of contact going forward. Whilst information recorded may not be visible across the business this is available to the team dealing with the customer.

Good Practice: It would be helpful to share case studies with front line staff to provide examples of when it is appropriate to refer customers for additional support. These case studies should be agreed with central vulnerability teams to ensure correct messaging and could be included as part of ongoing training programmes.

In some firms there are inconsistencies in the names of the specialist teams within the business, or the team which is responsible for assisting customers. For example, a procedural document would refer to a 'Specialist Support Team' whereas training documents would refer to the 'Vulnerable Customer Team.'

Enhancement: Clear communication of team functions and titles avoids the risk of causing confusion and ensures that customers are referred to the correct place for assistance. Firms should ensure that there is consistency in communication of support teams and their function across the organisation.

Once customers are referred to specialist teams, solutions are discussed to help resolve the issues that a customer may be experiencing. Depending on their circumstances, and the specialist team engaged, this could range from providing accessibility solutions through to agreeing forbearance. Often customers are requested to provide evidence of their circumstance to obtain the support required. Whilst we understand firms need to maintain adequate records, this would be an example of when staff empowerment and flexibility in process would be appropriate. (See Principle 1). Sometimes vulnerable customers are asked for the most evidence yet often have the least ability to provide it.

Good Practice: We were provided with details of a process which is invoked to support a number of customers impacted by the same circumstances; for example, events such as the collapse of a large employer or community disaster. This allows for a co-ordinated response, flexible support and changes to usual processes to assist impacted customers. This can be beneficial to both customers and staff in managing expectations.

2.5. Principle 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 acknowledge that the requirements of the Third Party Access Principles are not due for full implementation until March 2019. At the time of our review we found that firms are making good progress in this area, with certain aspects of the Principles currently in place. Firms have defined processes for the acceptance of Power of Attorney or Court of Protection papers. There are differences in approach as to how these are processed with some firms having centralised processing teams and others using branch staff. In the majority of cases a branch visit is necessary either to submit documentation or for identification and verification checks to be carried out in relation to the attorney, if they are not an existing customer. There is still work required for some firms in acceptance of more informal third party authorities and mandates. Other improvements under the Principles which are still to be implemented are in relation to offering all channels for access to an account once an authority is registered.

Both generic and role specific training has been conducted across firms to ensure adequate knowledge of the various types of authorities and related internal procedures for registration. Each firm also provided access to additional guidance via their intranet sites.

For customers holding more than one product procedures exist to ensure all holdings are updated with details of the third party authority, whichever type is being used. Each firm has detailed information on their website and available to guide customers or their representatives through the various types of authority available to help manage a customer's finances. Every website reviewed contains links to other organisations including the Office of the Public Guardian, as additional sources of information.

Good Practice: Empowerment of staff to apply flexibility to processes will help customers requiring third party support to operate their account. We evidenced an example of this during a branch visit where a third party was able to obtain payment of fees to a care home, on production of adequate evidence, even though there was no specific authority in place. This resolved an immediate need and allowed time for a fuller third party authority or power of attorney to be sought.

2.6. Principle 6

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

All firms have well established fraud management teams in operation with a number of both reactive and proactive procedures in place to assist customers who may be, or have been, victims of fraud or scams. We found that firms' approach to vulnerability in this area covers both possible scenarios: those customers already in a vulnerable situation, who had then been scammed, and those who had been scammed and it was this event which had caused them to be vulnerable.

Most firms have a specialist team in the fraud function to deal with those customers who require additional support. The support is available during the investigation period, and if necessary once the situation has been resolved, if required by the customer. This ongoing engagement usually consists of an element of education to help ensure customers are not repeat victims.

Good Practice: Education can be a key intervention in preventing customers from falling victim to fraud and scams. Some of the initiatives we were made aware of have been aimed at certain populations of customers; for example, visits to care homes, libraries or community centres to raise awareness of fraud protection measures. Alternatively, joint events have been run in branches with members of local police forces to raise awareness of how to avoid scams.

There are a number of good initiatives in this area which have been adopted by firms including the 'Take five - steps to stop fraud'⁷ as well as implementation of the Banking Protocol⁸.

During our review we found an overwhelmingly positive response to the Banking Protocol with frontline staff having a clear awareness of when this should be invoked. We heard various examples of frauds which had been averted, police intervening and ultimately customers protected. This is corroborated by information recently released by UK Finance which confirms almost £25m of fraud has been stopped due to this initiative.⁹

2.7. Principle 7

Customer focused reviews - Evaluation and monitoring procedures should centre on obtaining a positive outcome for the customer

All firms have embedded oversight and assurance processes in place designed to monitor customer outcomes. Techniques vary across firms including call reviews through to detailed customer journey assessments focussed on accounts where customers are identified as being in a vulnerable circumstance. It is felt that the in depth customer journey reviews, whilst time consuming, provide a holistic and clear view of how policies and procedures are working but more importantly that the right customer outcomes have been achieved.

It is felt equally important to ensure the experience of the customer has been managed appropriately as well as application of specific policies and procedures. By not including an assessment of soft skills, and not adopting a flexible approach to the customer's situation, this could result in oversight becoming a tick box exercise, which may not identify any issues or poor outcomes for customers.

Enhancement: We would recommend that oversight programmes include an element of soft skills testing. This could include assessments based on tone of voice, listening and hearing what customers need, and showing empathy. This should also consider whether the right customer outcome is achieved, not just an assessment of policy and process adherence. We would suggest that the results of such assessments are included in the data reported to central forums as mentioned below.

⁷ <https://takefive-stopfraud.org.uk/>

⁸ <https://www.ukfinance.org.uk/finance-industry-police-and-trading-standards-unite-to-tackle-fraud/>

⁹ <https://www.ukfinance.org.uk/banking-protocol-prevents-25m-in-fraud-and-leads-to-197-arrests/>

The results of assurance and oversight work tends to be reported to management via various committees and the production of MI. This is an area where we consider that some firms need to improve the level and depth of data provided across the business to ensure vulnerable customers remain a visible part of the firm's strategy. Key data would include complaints and root cause analysis information, call monitoring and assurance review outputs and general data such as the number of customers being supported by specialist functions, or where additional forbearance has been applied due to vulnerable circumstances. This is not felt to be an exhaustive list and firms should use all sources available in their organisation to provide a clear view as to how customers are being managed, and the outcome being achieved. The data should also feature clearly on firms' conduct agendas and reporting.

Good Practice: Specific customer vulnerability forums are a useful way to disseminate messages throughout a firm. Depending on the size of the firm this could include representation from various business channels and cross products, including a voice from front line staff. This would allow for the sharing of good practice, experience from real life situations and results of assurance work, especially if issues have been identified to ensure any crossover into other areas is mitigated. These forums could also be used as a method to share ideas and innovations for providing support to customers.

Some firms have developed feedback mechanisms that can be used by both customers and staff to provide commentary on their experience of the firm. This, combined with other techniques such as the usage of customer surveys, can provide a 'real life' view of how the firm is performing.

Enhancement: Firms should consider implementing a defined feedback loop within their organisation. This should be available to both customers and staff and would enable a more holistic view of performance and treatment of customers in vulnerable circumstances.

2.8. Principle 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

Discussions with management and staff at all firms provided us with details of the exceptions process and escalation routes where customers are not in possession of standard identification documentation. It appears that processes have been designed to make it easier for customers in vulnerable circumstances to have access to accounts, without compromising the firm's obligations in relation to anti money laundering regulations.

A positive example of the industry working together is the recent launch of the 'Death Notification Service'. This meets the specific recommendation from the Taskforce for 'a simple and secure way for consumers to notify all relevant financial services firms of a customer's death'. The service was launched in June 2018 and all firms involved in this review are signatories. When a notification is received, the relevant organisations will update their records and advise the person who contacted them of the next steps. Notifiers can expect to receive communication from firms subscribing to the services within 10 calendar days.

Firms should continue to collaborate on future initiatives which will help support customers through difficult situations. It would be encouraging for other firms not part of this review to be involved in these initiatives and sign up to any existing programmes.

2.9. Principle 9

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

As part of this review we have not specifically assessed Principle 9 as it covers the unintended consequences of other regulation that may have a detrimental impact on firms' ability to meet the needs of vulnerable customers and implement the taskforce Principles. We do, however, feel that there are challenges for firms in trying to deliver good customer outcomes against a complex and intensive regulatory backdrop. We are not seeking to comment here on the performance of firms in meeting their regulatory obligations but merely providing some context behind the challenges faced by firms in implementing the vulnerability Principles and recommendations.

The key regulatory developments are:

- GDPR and the rights of customers in relation to their information, balanced against the needs to implement a solution to Principle 3, for one stop notification. GDPR, which is an enhancement of existing data protection laws, has been a significant workload for every organisation but is particularly relevant to the issue of vulnerability and the recording of personal data.
- PSD2 and the requirements for open banking, creates an obligation on banks to share customer data with other authorised providers. This is a major development in the UK banking landscape and could present challenges in ensuring vulnerable customers can access the benefits of this in a safe way.
- Push payment fraud (APP), which is currently under consultation from both the FCA and the PSR and may require firms to exercise tighter control in this area; this is particularly relevant to Principle 6.
- Access to finance and financial inclusion – firms are currently encouraged to design products which are inclusive and enable greater access to the UK banking system in some way. This does present challenges in product design and target markets for vulnerable customers where firms are trying not to unreasonably refuse access to products but, at the same time, are seeking to ensure that all customers including vulnerable customers are adequately protected.

We did not find any evidence that other regulations are hampering the development or implementation of the Principles and recommendations, but our assessment did not include a detailed review of the other regulations which could impact the treatment of customers in vulnerable circumstances.

It is our opinion that firms are mindful of the various regulations and industry developments in setting policy and procedures and in training staff to achieve a good outcome for customers. The LSB and regulators need to continue to collaborate in the development of regulation and standards, and work with the industry to help them in meeting the various regulations.

2.10. Consumer Groups

The Taskforce membership consisted of industry representatives, trade associations, regulators but also a number of consumer groups and charities. As part of our review we conducted meetings with representatives from those consumer groups and charities which were part of the Taskforce¹⁰, to obtain their input and views as stakeholders for customers.

Customers will engage with consumer groups at different stages, depending on how their circumstances are impacting on their ability to manage their finances or any problems they are experiencing with their provider. Even with these differences in timescales, from a customer impact perspective, each organisation reported similar areas of good practice but also the need for improvement.

The key areas highlighted for improvement included the following:

- **Product Design:** Whilst it is acknowledged vulnerability is considered by firms, there is an appetite for more to be done in this area. The main points are the need for products to be designed to be flexible should a customer's circumstances change, but also for firms to consider and implement an inclusive approach to product development. This is felt to be important for products which are designed to meet a customer's needs over a long period of time, such as mortgages.
- **Identification and support:** The ability of firms to identify customers in vulnerable circumstances, as well as to encourage disclosure, is an area consumer groups are keen to see developed further. There is, however, acknowledgement that not all customers are forthcoming in declaring their need for additional support.
- **Specialist support** A common theme is the importance of specialist support being available for customers in vulnerable circumstances. Where customers are identified and are subsequently able to receive specialist support, the outcomes are believed to be much better for them; for example, third party access, including powers of attorney. The organisations we consulted with believe that more can be done to assist customers needing third party support. This may be achieved through improvement to internal process or raising awareness for front line staff.
- **Information sharing:** It is felt there is a lack of consistency in approach to sharing information across the firm, once the customer has disclosed their circumstances. This can cause problems for customers when there is either the lack of specialist support or multiple teams dealing with differing products. However, it is acknowledged that there are areas where this is working well, such as bereavement notification.

The importance of information and good practice sharing is not limited to within firms but should also be considered for engagement at a wider level. Whilst there is awareness of good practice in individual firms, there is felt to be a need for a more collaborative approach between firms and the wider stakeholder base. This worked well for the production of the Taskforce report and the sharing of information and best practice on an ongoing basis should be encouraged.

¹⁰ Organisations consulted included; Money Advice Trust, StepChange Debt Charity, Citizens Advice Bureau, Office of the Public Guardian, Macmillan Cancer Support, Age UK and Christians Against Poverty.

- **Policy and process:** Each consumer organisation acknowledge that firms have put in place various policies and procedures to deal with customers in vulnerable circumstances. However, following feedback from customers it appears that sometimes there is a lack of flexibility in application of these procedures, and a policy process gap. Whilst there is some good practice across firms such as use of the TEXAS and IDEA models, there is felt to be a disconnect between frontline staff knowledge and support available within firms. This could be resolved through enhanced training or changes to procedures. Where this is felt to work well is in those organisations where staff can clearly articulate next steps but also where they are able to step outside of process to assist customers.
- **Outcomes testing:** Feedback was provided on the benefits of firms having in place structured customer outcomes testing programmes, which formed part of this review and is in evidence across firms. The results of this type of testing can be used to help inform any additional training needs or changes to policy and process.

Improving outcomes for customers in vulnerable circumstances is an ever evolving area for firms and this feedback is helpful to focus on those areas for enhancement which will benefit customers.

We would recommend that relationships between consumer groups, charities and the industry are developed on a wider basis through the use of roundtables, discussion forums or similar. This will help both parties gain an insight into issues impacting their respective 'worlds' and develop solutions which ultimately benefit the customer.

3. Benchmarking

Introduction and methodology

This section provides a view on how the banks that participated in this review have performed against each of the Principles and recommendations and how they compare to one another. The assessments are subjective based on whether, from the work undertaken, we consider each of the banks has a high, medium, low or no adherence to each of the recommendations. The cumulative impact of the recommendations has produced an overall assessment against the Principle. The model we have used is linear, i.e. it is not weighted in favour of any of the recommendations or Principles, and so it is essential to view the diagrams in conjunction with the commentary and the findings outlined in the main report, as the assessments are only indicative.

As this is the first review of how firms have implemented the Principles and recommendations we have based our benchmarking on an aspirational target of full implementation of all Principles with no gaps or areas for enhancement. However, when we embarked on this exercise we set a threshold internally which we believed equated to “on track” performance, which, while subjective, represented a challenging, yet reasonable benchmark to aim for.

Overall, the majority of firms have achieved “on track” performance, with a few areas which have dipped below and, encouragingly, many areas which have exceeded this initial benchmark. We feel this is recognition of the progress made to date and is reflective of the areas requiring enhancement or improvement as detailed in the main body of the report.

By having an initial benchmark level this allows us to measure how far firms have progressed when we complete any further reviews and assessments in the future, whereby the firms’ current level of progress will become their new baseline, from which we would hope to see more progress towards full implementation.

For Principles with few recommendations the averaging effect has meant either equal assessments or what appears to be marked differences, but this may be only a marginal difference in performance. It is worth noting the number of recommendations assessed per Principle when interpreting the information.

In the diagrams that follow the bank’s details have been anonymised. The banks are referenced A to F and are the same throughout, but they are not listed in alphabetical or size order to preserve anonymity. Each bank has been provided with its own detailed report which breaks the findings down into more detail.

When reading the diagrams, the line is set at what we have deemed to be “on track” performance, i.e. where we might reasonably expect a firm to be, given the length of time the principles have been in place and the challenges faced with implementation. If a firm is above the line it is considered to have exceeded “on track” expectations, whilst any firm appearing below the line has more work to do to achieve “on track” performance.

No firm scored substantially below “on track” performance for any of the Principles, which we would class as being below the red base line within the graphs. The results are felt to be reflective of the tone of the report, recognising the work in progress nature of developing and embedding vulnerability policies and processes allied to the substantial progress already made by the firms in this sample, albeit all of them being at different stages in the journey.

Analysis and commentary

Principle 1 (sensitive, flexible response), Principle 4 (specialist help available), Principle 6 (scam protection) and Principle 7 (customer focused reviews) show the greatest variance between highest and lowest rated performance.

While we have highlighted that the one non-adherence identified relates to ‘one-stop notice’ (Principle 3), the overall score for this Principle is slightly higher than might be expected due to there being several recommendations under here. In overall terms, though, this Principle has attracted one of the lowest overall scores (see graph of ‘Average scores per Principle’).

Bank E rated best overall, while there appears to be little difference between the performance of the other five banks. The overall scores do hide some of the subtleties at a Principle and recommendation level where we see more differences between the firms. However, the summary indicates that all firms are progressing well towards implementation of the Taskforce Principles and recommendations but there is still some more work to do. We did see a difference in practice between the six firms, which is largely driven by when these firms really started to make concerted efforts to develop their policies and processes on vulnerability.

Every bank has, however, fared particularly well in some of the areas. For example, Bank A, which has ranked the lowest, albeit marginally, of all the firms, is particularly strong on Principle 6 and scored well on Principle 2.

It is worth noting some of the higher and lower scores in the Principles:

- For five of the ten categories Bank E has clearly exceeded “on track” performance;
- Bank A had the highest assessment for any category (Principle 6: scam protection)
- Bank A also recorded the lowest ratings of any category (Principle 1 and Principle 4, both of which are focused on support and help available).

The last diagram shows the ratings across all six firms against each of the Principles. Principles 2 and 6 (effective access to support and scam protection) fare particularly well, while most are “on track”. Principles 3 and 4 are the only two which are noticeably not “on track”.

The assessment of the Principles is based on the rating applied to the recommendations that underpin them. The five best rated recommendations, in order, are:

- 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 (Principle 2).
- 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 (Principle 1).
- 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 (Principle 6).
- Our team will treat you with compassion and respect when you seek our help and support following bereavement (bereavement principles).

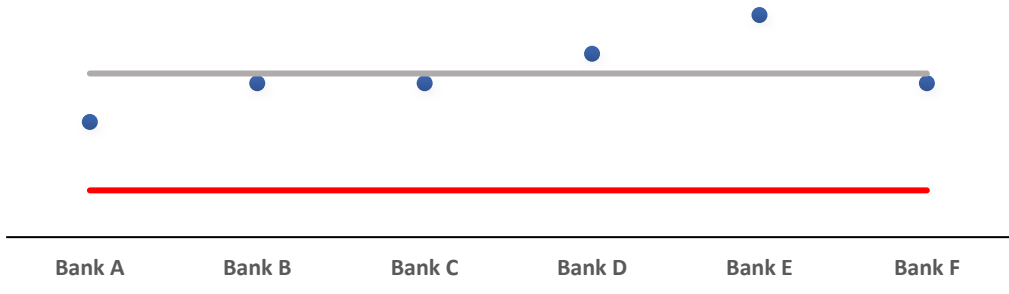
- Create an environment where staff can be empathetic. Good training is essential both in terms of enabling staff to spot where things might not be right and equipping them to deal with customers in vulnerable situations (Principle 1).

The five lowest rated recommendations, in order, are:

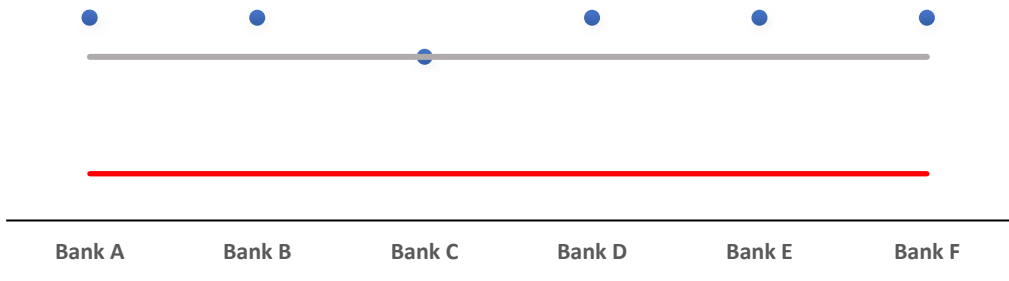
- Where appropriate work towards one-stop notice, minimise the need for customers to re-communicate particular circumstances or characteristics through intelligent and controlled information sharing. While a customer may disclose personal circumstances for a specific reason to one part of an organisation, it may not be right to share this information across the whole organisation (Principle 3).
- Enable frontline staff to offer or direct customers to appropriate specialist support within the firm smoothly, quickly and easily (Principle 4).
- Design customer focused and inclusive products. Consideration should be given to what support might be required for customers in vulnerable circumstances during product design to avoid or help resolve problems later (Principle 1).
- 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 (Principle 4).
- Upon notification (without receiving a death certificate) firms will: a. Restrict transactions on sole accounts b. Suppress marketing (*there may be occasions when marketing material continues to arrive because it was already prepared for mailing, but this should only be for a short period of time). (Principle 3).

The supporting diagrams are included on the following four pages. The grey line is indicative of firms being "on track" whilst the red line identifies a base point below which would indicate a firm needing to substantially improve.

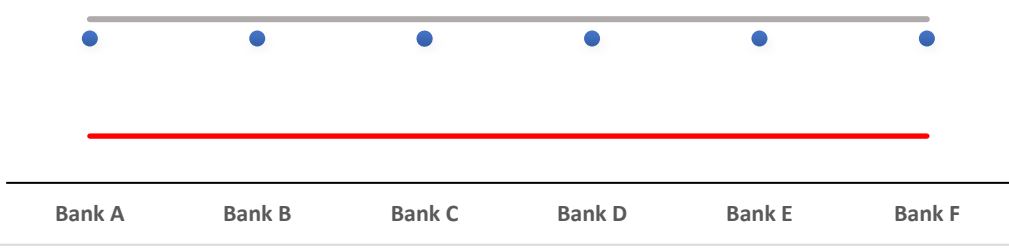
Principle 1 - sensitive, flexible response



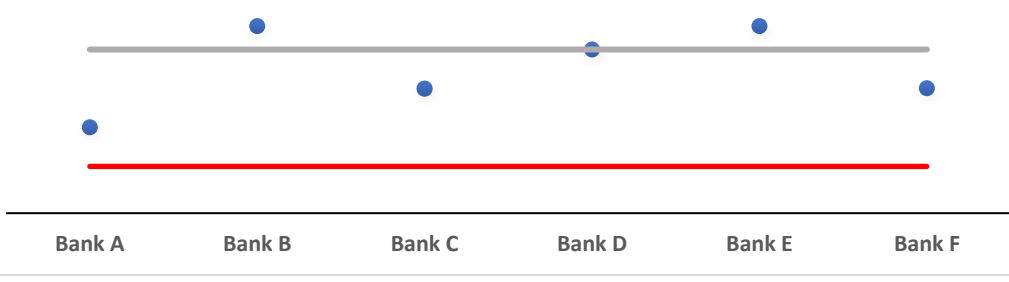
Principle 2 - effective access to support



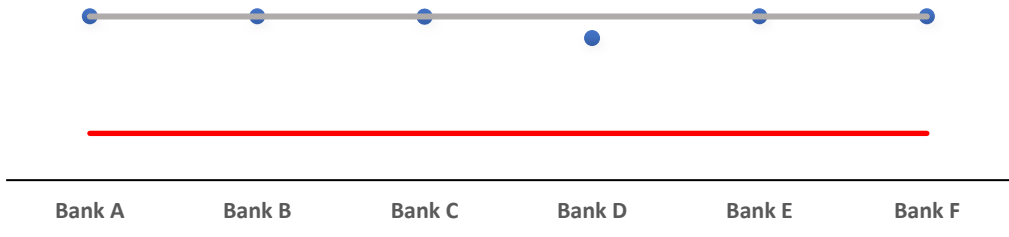
Principle 3 - one stop notice



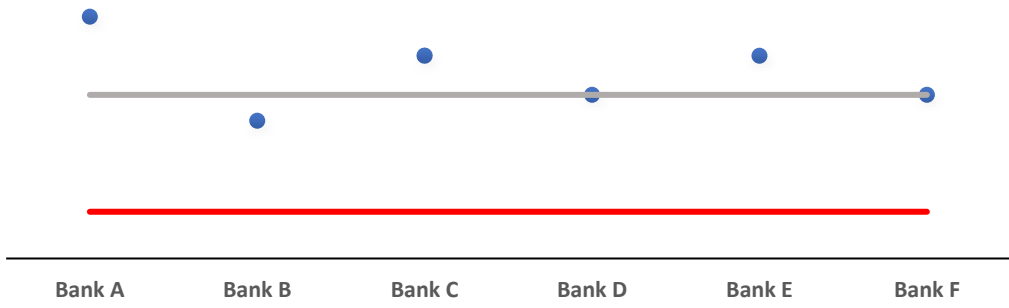
Principle 4 - specialist help available



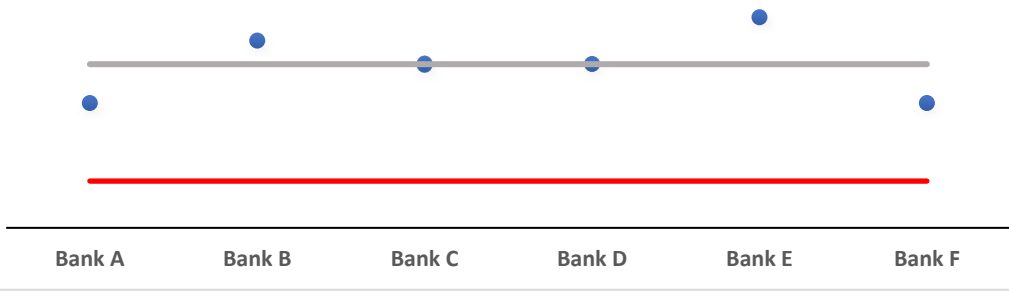
Principle 5 - easy for family and friends to support



Principle 6 - scam protection



Principle 7 - customer focused reviews



Bereavement principles

