

LSB's Year in Insight

2022



The LSB's Insight team help to raise standards and promote best practice across the industry by publishing a range of reports, thought pieces, and blogs.

Introduction

For customers and many registered firms, the cost-of-living crisis was the major event of 2022. Its impact on the lives of both personal and business customers has meant the LSB's Insight work has looked at what firms can do to offer support at this time. Two main themes have come through the Insight work across the year – inclusion and assurance. Both themes intertwine with the cost-of-living crisis, to ensure that nobody is left behind whilst ensuring there is oversight to deliver better outcomes.

The LSB's Insight team help to raise standards and promote best practice across the industry by publishing a range of reports, thought pieces, and blogs. This work was completed alongside our wider engagement, including working with registered firms on training and call calibrations, along with hosting forums and other events.

Within this piece, we provide an overview of our work from across the year and provide links on where to access further information.

If you have any questions about this piece or if there is any other way we can help you or your organisation, please contact us at insight@lstdb.org.uk or using the details below.

Contact details

Anna Roughley - Head of Insight and Engagement
annaroughley@lstdb.org.uk - 07392 867 176

Harry Hughes – Senior Insight Manager
harryhughes@lstdb.org.uk - 07387 108 498





as usual' financial difficulties. In part, this is because of the scale of the crisis and the fact it is affecting so many sectors and elements of people's lives. For example, as prices increase and fluctuate across sectors, first line staff should understand how customers are impacted.

It may be tempting for firms to assume that staff will already know how the cost-of-living crisis is affecting customers. This is due to both the media attention on the subject and the impact the crisis will be having on staff directly. However, assuming knowledge risks leaving staff without consistent and effective guidance. As an example of this, the LSB has previously written about [the life experience of customer service agents](#) and whether it affects outcomes. Our interviews for this piece found that, 'Some firms found staff joined without much knowledge of routine taxes and expenses. An example was given of a staff member in training who, when going through an income and expenditure (I&E) form for the first time, asked what council tax was.'

Training on such things may well be missed because, for most adults living independently, council tax is so well known that it almost 'goes without saying' what it is, how much it is, when it is due etc.' In the same vein, firms should not assume that first line staff know how much costs are going up, for example, following increases to energy prices. Firms should consider if they have effective ways of spreading awareness, for example, through team training, intranet sites, or other resource platforms, to provide guidance for staff. This is vital for those colleagues who work with customers on affordability plans, for example, when completing an I&E assessment to find an appropriate forbearance measure.

The cost-of-living crisis

This is a unique crisis and there are risks if staff are expected to rely purely on training for 'business as usual' activities.

Money Management and the Cost-of-Living Crisis focuses on what registered firms can do to support customers during the cost-of-living crisis. It particularly looks at how to support customers in the pre-arrears stage. Looking at the challenges and opportunities for firms when it comes to support, we covered a range of topics including how to provide a tailored response, utilise effective signposting, and the use of third party tools.

The piece described the various ways the cost-of-living crisis is impacting both personal and business customers. This is a unique crisis and there are risks if staff are expected to rely purely on training for 'business

In December, we published a piece looking at [illegal lending – The Last Resort](#). Over a million people are estimated to be borrowing from illegal lenders and this figure could increase as the cost-of-living crisis develops. For this piece and to raise awareness of illegal money lending, the LSB engaged with the England Illegal Money Lending Team (IMLT). The IMLT is the organisation responsible for combating illegal money lending, protecting victims, and prosecuting offenders in England.

Customers borrow from illegal lenders for a variety of reasons but there is one common similarity amongst victims – they are some of the most vulnerable in society. Illegal lenders prey on this vulnerability, making victims' lives worse whilst acting as the lender of last resort. As with other types of vulnerabilities, firms should look to support customers affected by illegal lending, and the piece provides considerations for firms on how to do this.

When supporting potentially vulnerable customers or those in financial difficulty, it is vital that firms get a clear and accurate picture of the customer's situation. This will often include understanding their income and expenditure or it could be related to the customer's health and wellbeing (depending on the individual context). Illegal money lending has a clear and direct impact on the finances of victims and also has the potential to greatly affect other aspects of their lives. For this reason, illegal money lending should not be something registered firms consider as too niche or rare when thinking about steps to support customers.

For example, it may be that a customer has completed an I&E several times but consistently goes further into debt or misses payments. This alone indicates that there are expenses of some type that are not being accounted for. It could be that there is borrowing happening 'beneath the surface' and the customer is having to make repayments they have previously not disclosed.

When supporting potentially vulnerable customers or those in financial difficulty, it is vital that firms get a clear and accurate picture of the customer's situation.





list of national organisations for staff to signpost to). This could lead to quality local providers being missed who may be suitable for signposting. Business banking relies on a knowledge of the local community to build client bases and understand the market in which they operate. Firms should consider utilising the knowledge and experience of RMs and other staff to identify good opportunities for local and tailored signposting.

We also looked at inclusion through blog posts, including on loneliness for [Mental Health Awareness Week](#). Insight Manager Hugh Webster wrote about how the challenge of lockdown made him experience loneliness for the first time. This changed how he considered it, especially in the context of financial services and the importance of understanding how loneliness and vulnerability can negatively affect customers. For example, scammers often thrive by targeting those people who are lonely.

For [Armed Forces Day](#), we looked at how vulnerability can affect anyone, including those we as a society deem to be the most stoic. This blog looked at challenges facing customers who are members of or are related to those in the Armed Forces. It highlighted the importance of clearly communicating support options to customers including, for example, the ability to have an appointed representative.

Access needs
require a flexible
and customer-
centric approach.

Inclusion

Inclusion has been a key theme throughout this year, centering on our report on [Inclusion in Business Banking and Credit](#). For this work, the LSB engaged with disability group representatives and business owners to get a first-hand view of business banking for those with disabilities or other access needs. We highlighted the widespread perception that in many sectors, both public and private and including financial services, more could be done to understand disability and adapt to those who require support.

The piece looked at how business lenders and related firms (for example, debt collection agencies and purchasers) may discover opportunities to develop and improve in relation to

accessibility and inclusion. This involves firms looking inwardly and assessing a range of factors, from how they recruit and train their staff, to how products are designed and communicated to customers. Considering the knowledge of staff is important, to raise awareness of how disability affects people and how access needs require a flexible and customer-centric approach.

One area we looked at was opportunities to develop signposting. This included considering the many local charities and third party organisations dedicated to supporting disabled customers and those with other access needs. The piece raises the risk of only taking a top down approach to deciding who customers should be signposted towards (for example, by providing a

Assurance

Over 2022, the LSB's Insight team looked at how firms can use best practice techniques to develop their assurance programmes. This includes considering how firms can increase the consistency of quality assurance (QA) checks and reviews, and promote a culture of feeding back, coaching, and learning from others. Within [Assurance 101](#), we set out some key terms and ideas relating to assurance and provided thoughts on improving outcomes relating to those areas.

We noted how it is possible for QA to be detrimental, for example, if it is too process driven. This can impact how things are done on the first line such as encouraging too scripted an approach or an unnatural conversation between agent and customer. QA across three lines of defence should consider what the best outcome is for the customer and assess compliance and quality in relation to that. QA should never be a tick-box exercise but instead seek to understand where improvements can be made for better outcomes.

In [Culture and QA: Checking for Best Practice](#), we considered the role that culture has to play when setting out an effective assurance framework. It recognised that culture and QA are not concepts that are always considered together. Whilst culture can be thought of as principles that lead to good outcomes, or the 'tone from the top', assurance can seem a relatively dry and process driven activity. Assurance practices, from setting controls and governance arrangements, to completing QA checks,

usually focus on recognising and mitigating risks. This is of course vitally important, however, there may be opportunities to look at QA in a broader context. By considering a firm's culture in relation to assurance, firms are able to focus less on a pure process or step driven approach. Instead, they can use the insight gained from QA to improve customer outcomes overall.

We'd be grateful for your feedback on this piece, please submit it using the QR code below.



By considering a firm's culture in relation to assurance, firms are able to focus less on a pure process or step driven approach.



Inclusion

Inclusion in Business Banking & Credit: disability and other access needs

Provides considerations and best practice responses for business banking providers to support customers with disabilities or other access needs.

Mental Health Awareness Week – the impact of loneliness

A reflection on loneliness and how it relates to vulnerability.

Armed Forces Day – inclusion and the Standards

Explores how to ensure access to products and services customers need, irrespective of background.

Assurance

Insights series 3: Assurance. Part 1 – Assurance 101: overseeing and improving the customer journey

Considers how firms can increase the consistency of quality assurance (QA) checks and reviews and promote a culture of continual development.

Insights Series 3: Assurance. Part 2 – Culture and QA: checking for best practice

Discusses how QA can be enhanced by considering a firm's culture and embedding it within QA activities.

Insight report: Best practice in QA (coming soon)

Explores best practice in QA including establishing what good looks like and balancing the quantity and quality of checks.

Emerging risks

Business Emerging Risk Forum and Personal Emerging Risk Forum

An opportunity to meet and learn from colleagues across the industry, focusing on issues relating to the business Standards, or the personal Standards.

Personal Consumer Forum

Engages with personal customer representatives and related organisations to explore the current landscape and consider how registered firms can deliver good outcomes.

Business Forum

Engages with business customer representatives and related organisations to explore the current landscape and consider how registered firms can deliver good outcomes.

Cost-of-living

The Cost-of-Living Crisis – considerations for firms

Outlines the cost-of-living crisis and its impact on customers, including what firms can do to offer support.

Money management and the cost-of-living crisis

Provides considerations on how to support customers with money management difficulties during the cost-of-living crisis.

The Last Resort: supporting victims of illegal lending

Considers how firms can best support customers affected by illegal lending.