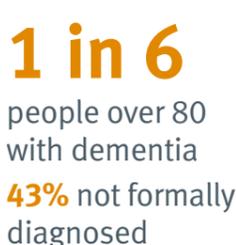# Vulnerable customers

The Financial Conduct Authority are formalising their expectation on the treatment of, and expected outcomes for vulnerable customers. The financial services industry is beginning to take action but is confronted with the scale of the challenge and wide range of issues they will encounter on what is a complex and emotive issue. Supporting vulnerable customers effectively requires a culture that permeates throughout the organisation with board level support and a fundamental re-think of the role of front-line employees.

The scale of the challenge

1 in 8 provide unpaid care

1 in 6 people over 80 with dementia **43%** not formally diagnosed

100k divorces in the UK each year

In any year **1 in 4** adults experiences at least one mental disorder

500k pass away each year, leaving millions coping with bereavement

Just under **HALF** adults have a numeracy age of 11 or below

Factors influencing vulnerability

Disability
A physical or mental condition that impairs decision making

Capacity
Low knowledge or confidence with finances

Health
Physical health impacts our mental well-being

Life Events
Major life events such as divorce, bereavement, redundancy and more

Resilience
The inability to absorb a drop in income or rise in outgoings

Vulnerability Spectrum

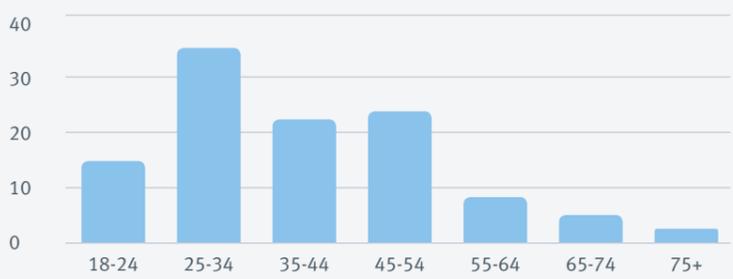Permanent

Potentially Vulnerable — Highly Vulnerable

Fluid
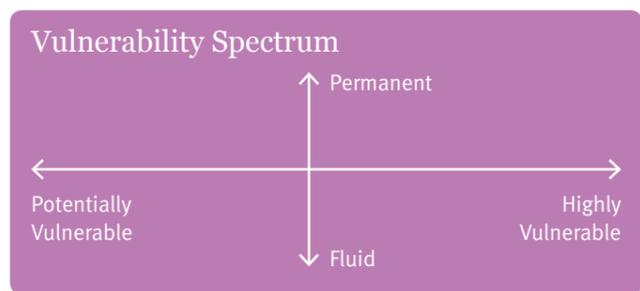
> The FCA must set clear expectations of how financial service providers should treat vulnerable consumers under its definition, through the guidance it plans to publish.
>
> **Treasury Select Committee**

Breaking the vulnerability perception

The boundaries of vulnerability do not end at the elderly widow, suffering with a cognitive disability

Percentage of scam victims by age, who suffered a financial loss in the digital environment

Source: Fletcher & Pessanha, 2016

> Vulnerability can be obvious or hidden, permanent or temporary and is related to individual context.
>
> **Financial Conduct Authority**

50% or 25.6m
UK Customers show one or more characteristics of vulnerability

60%
In adults over 65

Regulatory and political landscape

2015
Occasional Paper No.8: Customer Vulnerability

2016
Smarter Consumer Communications

2017
Financial Lives Survey

2018
Our Approach to Consumers, Automated investment services – our expectations

2019
Our Business Plan 2019/20
Treasury Select Committee: Consumers' access to Financial Services inquiry
Guidance for firms on the fair treatment of vulnerable customers

FCA FINANCIAL CONDUCT AUTHORITY

What can be done

Data Portability
Systems that can record and share identified vulnerabilities

Voice and speech analytics
Tools detecting speech, behavioural and emotional patterns

Collaboration
Sharing data and best practice across competitive silos

AI
Analysing more transactions for deeper insight and patterns

Charity Partners
Partnering with charities for training and best practice

Culture
A Vulnerable Customer First approach with support from the top down

Process
Non-linear processes that can flex to vulnerability needs

Trust
Trust in front-line staff to act autonomously in customer interest

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