



Acorn to Oaks Financial Services Ltd

Vulnerable Customers Policy

The purpose of this policy is to ensure that our firm's operations do not have a negative impact on customers in vulnerable circumstances or on customers with characteristics of vulnerability (Vulnerable Customers). It has been developed to ensure we understand why a customer might be considered vulnerable, how to engage with that customer and what actions we can take to ensure that vulnerable customers experience outcomes as good as those for other customers. Vulnerable customers may be significantly less able to represent their own interests and be more likely to suffer detriment than the average customer.

Vulnerable consumer: The FCA considers 'a vulnerable consumer to be someone who, due to their personal circumstances, (including abilities) is especially susceptible to detriment especially when a firm is not acting with appropriate levels of care'

This is a wide definition and does not necessarily apply to a constant group. A consumer may become **vulnerable** at certain times due to personal circumstances changing. It is expected that more consumers will display characteristics of vulnerability as they face increasing pressures from the rising cost of living. The FCA have identified four key drivers to vulnerability listed below: -

1. **Health**
2. **Life events**
3. **Resilience**
4. **Capability**

The following list gives examples of the types of circumstances and characteristics under the four drivers which can lead to consumers having additional or different needs: -

A consumer may become **vulnerable** at certain times due to personal circumstances changing for example: -

- i. Ill health/conditions – mental or physical that affect the ability to carry out day to day tasks
- ii. Stress
- iii. Debt
- iv. Low ability to withstand financial or emotional shocks.
- v. Intoxication (drugs/alcohol)
- vi. Addiction
- vii. Becoming unemployed
- viii. Retirement
- ix. Caring responsibilities
- x. Abuse
- xi. Divorce/relationship breakdown
- xii. Death of a loved one

Or a consumer may have the potential to be always **vulnerable** due to a permanent medical condition or, their abilities for example: -

- i. Physical disability
- ii. Hearing or visual impairment
- iii. Learning difficulties making comprehension difficult
- iv. Lack of (English) language skills
- v. Low literacy and or numeracy skills.
- vi. Low financial capability
- vii. Low digital skills
- viii. Elderly
- ix. Young (inexperienced)

Some customers could be affected by more than one of the factors listed above e.g., they may be elderly, recently diagnosed with an illness and/or lost a partner. However, please note that just because a customer is affected by one or more of the factors listed above they are not automatically vulnerable. It should also be noted that, customers may not want the label 'vulnerable' to be applied to them. As a firm, rather than label customers, we look at what harm or disadvantage customers may be vulnerable to, and how we can respond appropriately.

Detriment: - detriment can manifest itself in different ways e.g. consumers can:

- i. Choose the wrong product,
- ii. Pay a high price,
- iii. Fail to get the right product that services their needs,
- iv. Not be treated fairly by their chosen provider
- v. Through the use of consumer credit, get into unmanageable or problem debt which, can lead to spiralling problems with both financial and nonfinancial costs.

At Acorn to Oaks Financial Services Ltd we act in accordance with the customers best interests rule and The FCA's Principles for business including Principle 12, 'a firm must act to deliver good outcomes for retail customers'. Each customer is treated as an individual and their needs handled in an appropriate manner.

To ensure that vulnerable customers achieve good outcomes, are not inappropriately treated or overlooked we: -

- i. Ensure employees have the right skills and capability to recognise and respond to the needs of vulnerable customers.
- ii. Educate employees to see customers as individuals each with separate demands and needs.
- iii. Do not streamline customers but find a solution to their individual needs.
- iv. Ensure our systems and our employees are able to respond flexibly to meet customers' needs.
- v. Empower employees who are dealing with customers to act in an appropriate way. This may mean acting outside standard parameters if it is in the best interests of the customer taking into account the customers circumstances.
- vi. Ensure employees understand the importance of listening to the customer and are trained to spot clues suggesting possible vulnerability. In situations where employees are expected to follow scripts they will not be penalised for moving away from the script where they have a gut feeling that something is not right.
- vii. Train all employees to ask the appropriate questions so that they understand the needs of the customer.
- viii. Ensure employees know where internal expertise lies within our firm or within an external company and know how and when to refer a matter on.
- ix. Check the information we give to customers to ensure it meets the clear fair and not misleading rule and the requirements of the consumer understanding outcome.
- x. Endeavour to understand the intention of the (FCA & ICO) rules so that the rules themselves do not prevent our firm from meeting the needs of the customer.

- xi. Ensure the products we sell and the services we offer are available, usable and accessible to all regardless of personal circumstances.
- xii. Ensure employees understand the target market and any customer for whom the product or service would not be suitable.
- xiii. Maintain realistic expectations about changes in circumstances.
- xiv. Wherever practical, give customers a choice in how they wish to communicate with us, e.g., face to face, phone, e-mail or text. Where required we will endeavour to access interpreting services, braille, large print.
- xv. Always endeavour to communicate with our customers in a manner and at a time that is convenient to them.
- xvi. Record properly and share appropriately any disclosure made to the firm by a customer. This includes communications from third parties contacting us on the customers' behalf or with information / concerns.
- xvii. Proactively contact customers we suspect may be having difficulties.

Signs of vulnerability: -

Customers may be reluctant to disclose that they are, or have found themselves, in difficult circumstances. Therefore, as a firm we must be aware of, and look for, behaviour/language that may signal a problem or that extra care should be taken.

Examples of behaviours to be aware of:

- Constantly reiterating the question.
- Body language: sweating, anxiety, fidgeting, irritability.
- Volume, pitch/tone of voice, slurred speech, long pauses.
- Inconsistent answers.
- Missed direct debits.
- Consistently late payments.
- Cash payments.
- Not responding to correspondence.
- Requests to reduce the level of cover.

Key words in a conversation to look for:

- Illness
- Treatment
- Diagnosis
- Depression
- Bereavement/loss.

What we need to do:

If we become aware that a customer's circumstances have changed and we believe that they may be vulnerable we should make a record of this and share this information appropriately within our firm. If the information is recorded in a professional, factual manner it will not contravene the Data Protection Act (2018).

No insurance policy should be cancelled until contact has been made with the insured (or their representative) or a recorded delivery letter has been sent to their last known address at the same time as a standard letter.

As a firm we are establishing links with the advice and charity sector and will be obtaining training from these sectors as appropriate.

When appropriate to do so, we can advise our customers that free counselling / advice is available from other organisations / charities on various matters such as:

- Debt <https://www.moneyhelper.org.uk/>
- Bereavement <http://www.cruse.org.uk/>
- Cancer <http://www.macmillan.org.uk/>

Bereaved Customers

If we are advised that a customer has suffered a bereavement and requires a policy to be changed into another name this should be dealt with immediately. We should also find out if the deceased person held any other insurances with us. No bereaved customer should receive correspondence addressed to, or in the name of a deceased relative once they have informed us of the death.

Customers in Financial Difficulty

Where we identify that a customer is in financial difficulty or may struggle to pay the quoted premium we should: -

- (1) ensure that the customer is provided with good outcomes-focused support that is appropriate to their needs and characteristics which will help to: -
 - a. Reduce the impact of the financial difficulty on the customer!
 - b. Enable the customer to maintain an appropriate level of insurance that they can afford.
 - c. Reduce as far as is reasonably possible, the risk of the customer losing appropriate insurance cover that is important and
- (2) Ensure the customer has an appropriate level of information about the option(s)

available to them in good time and in an understandable format to enable the customer to make an informed decision.

Proactive and collaborative approach: -

We are liaising with all our providers to ensure they are able to support our approach to vulnerable customers e.g., Do insurers produce documents in braille and large print? Do providers have their own vulnerable customers policy showing their approach? This is so that we are better able to understand which providers are more appropriate for vulnerable customers.

Training

Annual training will be provided on Data Protection so that employees do not have any concerns about recording information about a customer in a professional and appropriate manner and where necessary sharing that information. Training will be provided annually on understanding vulnerability and the clues that may indicate vulnerability. Training will be ongoing on how to meet the Consumer Duty Outcomes and the requirements of the Consumer Duty.

Management information

The following management information will be used to monitor and evaluate the outcomes we are delivering: -

- Customer feedback – formal and informal.
- Feedback and training from specialist support services
- Behavioural insights – customer interaction and drop off rates.
- Characteristics of vulnerability identified
- Training records – showing training on vulnerability
- Customer retention records
- Claims
- Cancellation rates and details of why customers leave
- Return premiums following a mid-term adjustment
- File reviews
- Complaints: trends in complaints involving vulnerable customers in comparison to other customers

Handling and recording disclosures (ICO)

The ICO has stated that in the right circumstances and for the right reasons, data protection should not act as a barrier to the recording of information when this recording would lead to a fair outcome for the customer.

Employees need to ask appropriate questions, record factual information (not opinion) and explain to the customer why they are recording the information.

Information should always be recorded in the customer's own words.

Employees must not make assumptions. Employees must record the needs or adaptations that the customer asks for rather than an assumed underlying condition.

If we receive a telephone call or a visit from a person who is calling on behalf of one of our customers and, although does not hold a power of attorney, they inform us of circumstances such as the customer is not occupying his property or is unable to pay the premium due to hospitalisation, we must not refuse to talk to them. We cannot disclose information about the customer to that third party without authorisation or an arrangement; however, we can listen and make a note of the conversation and assist in any way possible. We can take the appropriate action once we have been in contact with the customer although it should be noted that this might not be possible. We must show empathy and reassure the concerned third party. We should avoid just putting up barriers to anyone who is providing information regarding a customer's circumstances.

If a customer needs assistance in making a call, a third party should be enabled to carry out the call on the customer's behalf.

Always thank the person for what they have told you. If you are talking to a third party e.g., a carer ask if they can supply evidence of their authority to act on the customer's behalf. If they do not have formal authority to act on the customer's behalf, we can still record the observations on the account and look into them. We must advise the person that their observations will need to be shared with the customer and colleagues. Explain how the information will be used including why the information is being collected and who the data will be shared with – ask the individual for their permission to use the information in this way.

Power of Attorney:

Some customers may appoint another person as having a power of attorney on their behalf. There are two types of power of attorney:-

- **Ordinary Power of Attorney:-** This is a legal document authorising one or more people to handle a person's financial affairs. It is only valid whilst the customer still has the mental capacity to make their own decisions. This may have been set up if for example, the customer needs someone to act for them for a temporary period whilst they are on holiday. A power of attorney can be a general power without restrictions, or it can give limited powers only to do a specific task e.g., sell a house.
- **Lasting Power of Attorney:-** this is a way of giving someone you trust the legal authority to make decisions on your behalf if you lack mental capacity at some time in the future or no longer wish to make decisions for yourself.

Here at Acorn to Oaks Financial Services Ltd we are ready to work with customers in an open and transparent way and do our utmost to find a solution to their current needs.

Further Reading: -

Further Reading:- FG22/5: Final non-Handbook Guidance for firms on the Consumer Duty
(fca.org.uk)

Ensuring the fair treatment of customers in vulnerable circumstances | FCA

<https://www.fca.org.uk/firms/treating-vulnerable-consumers-fairly>

Produced by Cobra Network compliance for use by Cobra Network members.