

Case study - treatment of vulnerable customers

Two married customers in a joint debt management plan telephoned the firm on speakerphone in response to a reminder to carry out an annual review. The customers were transferred from customer services direct to a debt adviser to undertake the review. At the start of the call the adviser asked how the customers were, and the wife responded that she had been given a 6-month prognosis and her husband was also seriously unwell with organ failures and cancer. The adviser was sympathetic, but then read the customers a standard script asking for consent to future marketing from the firm or other firms and contact details before they could continue with the review.

We feel this is an example of poor practice.

We felt the firm had acted insensitively having just been told of one customer's terminal illness and the other's serious illness.

The firm did not have alternative processes, that enabled the adviser to override the script, particularly for dealing with customers experiencing distressing life events.

We felt that aspects of these failings were due to the firm failing to implement clear and effective policies and procedures for identifying and treating vulnerable customers appropriately (as required by CONC 8.2.7R).

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The customer was an 87-year old widow on a debt management plan with the firm, with an estimated length of 95 years. The customer's late husband dealt with their finances throughout their marriage.

The customer told the firm over several phone calls spanning a period of 18 months that she didn't have a good memory and struggled with figures and paperwork. She was also very uncomfortable using technology. The customer had also been very unwell, and in several calls was unable to recall recent conversations with the firm and was often apologetic.

The firm did not record any of this information on its systems to flag that the customer was potentially vulnerable, and during calls talked over the customer and pushed her to sign documents online.

The firm later attempted to conduct an income and expenditure assessment with the customer as part of its review of the debt management plan. The customer found the assessment difficult as she was unable to recall a lot of her expenses or the amounts.

Soon after, the customer called the firm as she had received a call from a debt purchaser which had acquired one of her debts, and didn't know what to do. The customer was clearly distressed and confused during the call, telling the firm that it was too much for her to deal with and asking the firm for help. The adviser refused to help her.

We felt the firm failed to treat the customer fairly throughout these events, and failed to identify and appropriately respond to the customer's vulnerability. We felt the firm's insistence on using digital technology and refusal to help the customer were particularly poor conduct.

- 4.139** We plan to consult soon on guidance for all FCA firms on the identification and treatment of vulnerable customers. This is to clarify our expectations of how firms should treat vulnerable customers, achieving greater consistency and better customer outcomes.

5 Outcomes from the review

5.1 While the results of this thematic review are more positive than the thematic review of 2014/15, there are still areas that firms need to address. We have taken the following actions:

- We have provided feedback to firms and taken supervisory action where they have not met our standards. In some cases, we expect firms to review their past business to identify and put right where customers have not received the quality of advice or level of service expected.
- We have opened an investigation into 1 firm to date.
- Our review identified areas where the sector requires improvement. The purpose of this report is to communicate our findings and expectations to the wider sector and we are exploring ways to engage with firms that were not part of our review. We have included some real-life examples of what we found to give practical help to firms to understand our expectations of how they treat their customers.
- We plan to consult soon on guidance for the identification and treatment of vulnerable customers. We are doing this to clarify our expectations of how firms should treat vulnerable customers, achieving greater consistency and better customer outcomes. We have fed our findings into this broader piece of work.

5.2 We will also be carrying out further work on emerging trends in the sector including online debt advice.

Annex

Abbreviations used in this paper

CONC	Consumer Credit Sourcebook (FCA Handbook)
FCA	Financial Conduct Authority
MAS	Money Advice Service
MI	Management information
PRIN	Principles for Businesses (FCA Handbook)
QA	Quality Assurance
SYSC	Senior Management Arrangements, Systems and Controls (FCA Handbook)

