



The Money Charity Response to the Ofcom proposed guide on treating vulnerable customers fairly (November 2019)

The Money Charity is a financial capability charity whose vision is to empower people across the UK to build the skills, knowledge, attitudes and behaviours to make the most of their money throughout their lives.¹

We welcome the opportunity to respond to Ofcom's Treating vulnerable consumers fairly – A proposed guide for phone, broadband and pay-TV providers which we think is a valuable addition to emerging custom and practice across various UK markets in the fair treatment of customers in vulnerable situations.

In this response, we set out our Key Points, make some overall comments then answer the questions posed in the Consultation Paper.

¹ See box on back page.

Key Points

1. Overall, we support the proposed guide and commend Ofcom for producing it. We think it reflects best practice in the identification and fair treatment of consumers in vulnerable situations. The guide is succinct, written in clear language and should assist managers and firms to understand and implement what is required.
2. The main addition we think would be useful would be a table of the most frequent harms affecting consumers in vulnerable situations along with their corresponding remedies. This would help firms and managers understand concretely what they need to look out for and what Ofcom expects to see in its regulatory oversight. (C5.3(a))
3. A provision should be added for consumer testing of firms' vulnerability information, to make sure it is easy to find and comprehensible. (C5.2)
4. Regarding signposting to and working with consumer groups and charities, we think that care needs to be taken to ensure the flow of referrals is within the capacity of the target organisation. Charities and consumer organisations may be able to provide paid consultancy or other services above their normal capacity limits. This can be discussed on a case by case basis with the charities and consumer groups in question. (C5.3(a) and C5.5)
5. Rather than referring readers to ICO guides, we think it would be better for Ofcom to be more concrete in its advice on meeting GDPR and the Data Protection Act 2018 in the way that personal data is gathered and stored for the purposes of assisting consumers in vulnerable circumstances. (C5.3(b))
6. Regarding staff training, we would like to see reference to the specific training needs of offshore customer service staff, who may need additional training to be able to pick up UK context specific indicators of vulnerability. (C5.5)

Overall Comments

The Money Charity is a financial capability charity that works with young people and adults, including people in vulnerable situations, for example migrants, refugees, Travellers, ex-homeless people and ex-offenders. Our workshops and other contact have given us experience with the issues faced by people in vulnerable situations, the types of information and support needed and the best ways of communicating.

We have also taken a policy interest in vulnerability, participating in UK Finance and Financial Conduct Authority events and responding to FCA consultations, including the

FCA's recent draft Guidance on Fair Treatment of Vulnerable Customers. We discuss the issues with other charities and consumer groups in order to improve our mutual understanding of emerging best practice.

We welcome the growing, more systematic attention now being devoted to the issue by UK regulators and increasing numbers of individual firms.

Answers to consultation questions

1. Do you have any comments on Ofcom's proposal to publish a guide to help providers treat vulnerable customers fairly?

We support the proposed guide, which we think reflects best practice in the identification and fair treatment of consumers in vulnerable situations. The guide is succinct and written in clear language that should assist managers and firms to understand and implement what is required.

We think Ofcom has the balance right between high level rules² requiring firms to implement appropriate systems for addressing vulnerability and a guide containing practical advice on ways to comply with the rules. If firms develop better ways of achieving the required results, they will be able to implement these without being technically in breach of a rule.

In our recent response to the Financial Conduct Authority on the FCA's proposed guidance on fair treatment of vulnerable customers, we called for exactly this balance between clear, high-level rules and flexible guidance.³

As Ofcom's proposed guide makes clear (on page 3) vulnerability affects, or potentially affects, very large numbers of UK citizens and residents. All customer service systems must evolve to take this into account, so that appropriate customer service is provided to all customers, regardless of their personal circumstances. As well as being good for customers, this is good for firms too, as it will enable them to increase their levels of consumer satisfaction and improve their reputations for customer service.

² General Conditions C5.1 to C5.5, set out on page 5 of the proposed guide.

³ See The Money Charity October 2019, Response to FCA Guidance Consultation on Fair Treatment of Vulnerable Customers GC19/3. Available at: <https://themoneycharity.org.uk/work/policy/consultation-responses/>

2. Do you have any comments on the suggested measures set out in sections 3-7? Please set out your comments on each section separately.

Taking each section in turn:

C5.2: Regulated Providers must establish, publish and comply with clear and effective policies and procedures for the fair and appropriate treatment of consumers whose circumstances may make them vulnerable.

We agree with this section, with its guidance on proactive senior level engagement, embedding fairness into the organisation's culture, taking an inclusive approach and publishing policies on treating vulnerable consumers fairly.

On the last point (paragraphs 3.10 to 3.12) we note the emphasis on making sure that information is easy to find and understand. We suggest that a paragraph be added ensuring that firms consumer-test their websites and other means of communication to provide assurance that the information is easy to find and understand. In our experience of financial capability work, relatively small changes to language, presentation and page design can make large differences to consumer comprehension. These differences are often not apparent to designers prior to testing. It may take several iterations to arrive at the design and language that works properly.

C5.3(a): Such policies and procedures must include, as a minimum... (a) practices for ensuring the fair and appropriate treatment of Consumers who the Regulated Provider has been informed or should otherwise reasonably be aware may be vulnerable...

We agree with this section, with its guidance on:

- Raising awareness that the firm has a range of approaches for assisting vulnerable customers.
- Offering a wide range of communication channels.
- Making customer interactions a positive experience.
- Providing clear accessible written communications.
- Offering follow-up information in writing.
- Promoting the extra help, support and services that are available.
- Implementing specialist customer service teams.
- Signposting to other organisations.
- Assisting authorised third party representatives.
- Acting fairly when a consumer is in debt.

The section would be strengthened, we think, if a table of common harms could be added, illustrating the common harms experienced by consumers in vulnerable situations and the customer service remedies that can address these harms. The example given in paragraph 4.11 of the Proposed Guide of customers with mental health problems having difficulties with telephone conversations is an example of the type of harm that could go into this table. It immediately makes the guide more concrete and stimulates the reader to think about solutions.

The table of common harms should be evidence-based, with the most frequent harms appearing at the top of the table. To generate evidence we suggest three approaches:

- Surveys of telecoms customers in vulnerable situations.
- Firms' customer service and complaints data.
- Information from charities and consumer groups, especially where drawn from customer databases and/or surveys.

The British Bankers' Association (now UK Finance) used some aspects of this method in the work of its 2015-16 Vulnerability Taskforce,⁴ enabling those involved with the taskforce to grapple with the actual experiences of customers in vulnerable situations.

Regarding the guidance on signposting, we think care needs to be taken with this. It is important that firms do not fall into seeing signposting as a way out of dealing directly with consumer vulnerability. Signposting, including warm transfers, is often appropriate, but it should be supplementary to appropriate customer service by the firm in question, not a substitute for it.

Second, if referral to particular charities or consumer organisations is to be a regular part of a firm's offer, there may be capacity issues for the charity/consumer group in question. The firm should have a discussion with the charity/consumer group to clarify this and offer resourcing where capacity issues arise. This is because telecoms companies have large customer bases, so could generate a flow of referrals that is large in relation to the scale of a particular charity or consumer organisation, especially local ones.

C5.3(b): Such policies and procedures must include, as a minimum... (b) how information about the needs of Consumers... will be recorded and the different channels by which these Consumers will be able to make contact with, and receive information from, the Regulated Provider.

We support this section but note that there still seems to be some lack of clarity about how to apply GDPR and the Data Protection Act 2018 to the collection of information

⁴ <https://www.bba.org.uk/publication/bba-reports/improving-outcomes-for-customers-in-vulnerable-circumstances/>

about vulnerability by customer service teams. Rather than referring the reader to ICO guides, it would be better if Ofcom's proposed guide could illustrate how such information should be gathered and recorded and the appropriate way of gaining consent. It may be that Ofcom and ICO could work together on this or that Ofcom could lead a multi-firm project to produce such a guide, similar to UK Finance's Vulnerability Taskforce.

What is needed is a guide that converts the ICO's quite complex and legalistic advice into a practical guide for day-to-day managers, including examples of scripts for customer service staff to use.

C5.3(c): Such policies and procedures must include, as a minimum... (c) how the impact and effectiveness of the policies and procedures are monitored and evaluated.

We agree with this section, with its guidance on evaluating staff performance, gathering customer feedback and using customer feedback for service improvement.

This section, particularly paragraph 6.8 on root cause analysis, fits with our recommendation that Ofcom should develop a table of common harms and remedies. Such a table can be continuously amended and developed as the experience of the sector improves and as innovative approaches are introduced.

C5.5: (Staff Training) Regulated Providers must ensure that all staff are made aware of the policies and procedures and appropriately trained, including (if applicable) on how to refer Consumers to specialist teams or members of staff who have received additional training.

We agree with this section, with its guidance on delivering effective training to all staff, providing resources for staff and collaborating with consumer interest groups and charities.

We suggest that wording be added to make clear that the staff training provisions apply to offshore service centres as well as to onshore ones. Firms are likely to need to give offshore staff additional training to enable them to recognise culturally and institutionally specific indicators of vulnerability in the UK context. The need for specific training for offshore staff should be added to the guidance, with a successful example of this activity.

An example of mentioning outsourcing is provided by Paragraph 7 of the Governance and Oversight section of the Lending Standards Board's Standards of Lending Practice for Personal Customers, which says that where relevant work is outsourced, firms

should ensure that the outsourced firm can meet the LSB standards and ‘exercise effective and ongoing oversight’ of the delivery of required customer outcomes.⁵

Regarding collaborating with consumer interest groups and charities, we make the same point as in answer to C5.3(a), namely that care must be taken to match demand with charity capacity. Some charities have a consultancy or other paid service function and will be happy to scale up on this basis. Firms should not make assumptions but should discuss with the charity or consumer group in question the scale of collaboration and whether additional resourcing will be needed.

The Money Charity is the UK’s financial capability charity providing education, information, advice and guidance to all.

We believe that everyone achieves financial wellbeing by managing money well. We empower people across the UK to build the skills, knowledge, attitudes and behaviours to make the most of their money throughout their lives, helping them achieve their goals and live a happier, more positive life as a result.

We do this by developing and delivering products and services which provide education, information and advice on money matters for those in the workplace, in our communities, and in education, as well as through influencing and supporting others to promote financial capability and financial wellbeing through consultancy, policy, research and media work.

We have a ‘can-do’ attitude, finding solutions to meet the needs of our clients, partners, funders and stakeholders.

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⁵ <https://www.lendingstandardsboard.org.uk/the-standards-for-business-customers/>