

## **TCF and Vulnerable Customers Procedure**

FCAP005

### **Objective:**

To ensure **Improveasy Ltd** at all times tries to meet its customers' needs and expectations. Treating Customers Fairly (TCF) remains central to our firm's conduct and that it puts the well-being of its customers at the heart of how the business is run.

Establish and implement clear and effective policies and procedures to identify particularly vulnerable customers and to deal with such customers appropriately.

### **Scope:**

All areas of interaction with customers, both actual and prospective, with the focus on consumer outcomes and ensuring a fair deal for customers. The finance plan must meet the customer needs from a firm they can trust.

### **TCF Procedure:**

The customer must be dealt with in a courteous manner at all times and the customers' interest must be at the heart of how our firm does business.

Our firm is committed to meeting customer expectations of performance, quality, price and delivery in all it does.

**The six consumer outcomes are what our firm wants TCF to achieve for consumers.**

**Outcome 1** – Consumers can be confident that they are dealing with a firm where the fair treatment of customers is central to the corporate culture.

**Outcome 2** – Products and services marketed and sold are designed to meet the needs of identified consumer groups and are targeted accordingly.

**Outcome 3** – Consumers are provided with clear information and are kept appropriately informed, before, during and after the point of sale.

**Outcome 4** – Where consumers receive advice, the advice is suitable and takes account of their circumstances.

**Outcome 5** – Consumers are provided with products that perform as firms have led them to expect, and the associated service is of an acceptable standard and as they have been led to expect.

**Outcome 6** – Consumers do not face unreasonable post-sale barriers imposed by firms to change product, switch provider, submit a claim or make a complaint.

Our firm aims to fully understand its customer's requirements and provide products and services to meet those needs.

Our firm will attempt to answer customers' questions and enquiries within the scope of its responsibilities. Where the question or enquiry requires more detailed information, our firm will refer the customer to the appropriate body or organisation. If our firm has the contact details for these bodies or organisations, it will communicate them to the customer.

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### **Policy for dealing with Vulnerable Customers**

Vulnerable Customers goes hand in hand with Treating Customers Fairly. TCF is about organisations being clear, transparent and open in their approach and dealings with customers and as such how vulnerable customers are identified and treated as part of TCF. If a company embraces the principles and ethos of treating customers fairly, it also by the very nature of its policies and processes should embrace vulnerable customers and have measures, support and training in place. Our firm must take account of the needs of vulnerable consumers, e.g. those with additional needs, poor literacy and/or numeracy or those with mental health problems or special access requirements. Where a consumer may be vulnerable, for example, have mental or physical infirmity, or English may not be their first language, then our firm would request and allow that a trusted 3<sup>rd</sup> party be present. Where a vulnerable person is identified by administration staff this must be reported to the director of our firm who will then appoint another senior member of staff to take over the handling of the vulnerable consumer and monitor and document the process closely to ensure that only the highest level of TCF is maintained.

### **What does “Vulnerable” mean?**

Our firm have agreed a definition to provide a framework within which they can assess customers’ potential vulnerability. This definition is:

- 1. “Customers who are unable, for whatever reason, to make an informed decision at the time of dealing with them”.**
- 2. “Customer whose welfare (financial, mental or physical) could be put at risk through choosing the service or product you offer”.**
- 3. “A customer is vulnerable if for reasons of age, health, disability or severe financial insecurity, they are unable to safeguard their personal welfare or the personal welfare of other members of the household”.**

When a customer is defined as being in a vulnerable category, it does not instantly prevent the service or product from being put forward, however it does mean that additional probing is required. Assess and ensure that what staff are offering is applicable, appropriate and needed by the customer. Some vulnerabilities such as being elderly or having suffered a bereavement may just mean spending more time with the customer and explaining in more detail or slower what you have discussed and are offering/suggesting. Only in extreme circumstances would our firm suspend dealings with a vulnerable customer.

Our firm are ultimately responsible for deciding whether a customer is vulnerable. For example, if our firm identify households in the following circumstances, then they will consider whether the customer is vulnerable, according to the definition above:

- A customer is caring for an elderly person in the household;
- A customer is of Pensionable Age;
- A member of the household is disabled or has a long-term medical condition (i.e. chronic illness) and is therefore unable to support themselves;
- An informed third party, such as a carer, social worker, health visitor or physician has indicated that a member of the household may be vulnerable;
- The age of any children living in the household;
- A customer dependent on medical equipment that is operated by electricity. For example, a stair lift, electric wheelchair, defibrillator or dialysis machine;
- A customer has had a recent bereavement.

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The list is an illustrative guide and is to be used in conjunction with the definition – it is not possible to provide an exhaustive list of every condition that could indicate vulnerability, as all customers have their own needs.

The Mental Health Act is applicable to dealing with vulnerable customers for example. Customers suffering from or experiencing mental health issues are defined as being vulnerable due to the symptoms that mental health issues can cause. These can include (but are not limited to), depression, stress, anxiety, confusion, suicidal thoughts or tendencies, self-harming, inability to understand or comprehend and apathy.

#### **Customers with Mental Health Issues (MHI)**

The Mental Capacity Act 2005 sets out the legal framework concerning mental capacity. The Ministry of Justice has issued the Mental Capacity Act Code of Practice.

Mental capacity is a person's ability to make a decision. It is reasonable to assume a customer has mental capacity at the time the decision is made unless the firm knows or should reasonably expect that the customer lacks capacity. Having limited mental capacity does not necessarily mean that the customer lacks capacity to make a decision. The most common cause of mental capacity limitations are: a mental health condition; dementia; a learning difficulty or development disorder; a neurological disability; a brain injury; alcohol or drug abuse.

It is estimated that one in six British adults has a mental health problem. Some customers who fall into financial difficulties may have mental health issues either as a result of being in financial hardship or it may cause their financial hardship as their ability to function may be disrupted for either a short period or permanently.

#### **Mental Health Policy**

It is our policy to ensure that we treat customers who have mental capacity limitations with respect and consideration. Therefore, in our dealings with such customers, we will endeavour to adhere to the following practices:

- Not to discriminate against the individual
- Not to inappropriately deny a service or product
- Assist the customer to make an informed decision
- Ensure the finance proposition is responsible and is based on a reasonable assessment of affordability and in the best interests of the customer
- Ensure communications are clear and jargon free
- Make a reasonable assessment of the customer's ability to understand and retain the information
- Allow the customer sufficient time to make a decision

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Staff will be trained to recognise and encourage a customer to disclose a mental health issue. In all instances where a disclosure is made, the customer's consent to record this information on our systems is obtained and the customer will be advised of how this information will be used. Customers will be requested to provide medical evidence, where necessary.

In the event that a customer does make a disclosure, staff **MUST**:

- Acknowledge
- Inform and request consent to record the information
- Provide a Data Protection Statement

Ask appropriate questions:

- Does your mental health affect your financial situation? If yes, can you send in proof of this from your doctor or other medical professional?
- Does it affect your ability to deal or communicate with us or other third parties?
- How would you prefer us to contact you – (in writing or by phone or by email?)
- Does anyone help you manage your finances such as a family member - If yes; do you want us to deal with this person on your behalf? Consent must be noted on the system

Further Information can be obtained from The Money Advice Liaison Group [MALG]- *Good Practice Awareness*

*Guidelines – For Consumers with Mental Health Problems and Debt.*

[www.moneyadvicetrust.org/images/Mental\\_Health\\_Guidelines\\_2009.pdf](http://www.moneyadvicetrust.org/images/Mental_Health_Guidelines_2009.pdf)

### **Dealing with Vulnerable Customers and what to do?**

Dealing with vulnerable customers and learning about what makes someone vulnerable and how to deal with arising situations should fall to every person within our firm, from those at the top and all the way down.

If, for example, a customer you have been speaking to has agreed to the products/service that you are offering but has displayed signs of being hard of hearing through the conversation then in order to ensure their vulnerability has been noted and addressed you should send everything you have discussed out in writing to the customer and sign them up after they have had time to read through everything.

Recapping and reiterating everything in writing is a must with all vulnerable customers. This then gives them the opportunity to have a friend, relative, carer or advisor help them, or provides extra time to digest the information and make an informed decision.

In some instances, such as bereavement, you should offer your sympathy and proceed at a slower pace, ensuring the customer understands what you are discussing and that they are capable of making decisions at this time.

- Be Patient ~ take your time with the customer and do not rush;
- Be Flexible ~ some vulnerable situations can be helped or overcome by being flexible and altering both your approach and service;

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- Be Empathetic ~ put yourself in the customers' shoes and show them that you have listened and understood what they have said;
- Reiterate ~ always repeat information and reiterate outcomes or consequences prior to getting agreement;
- Explain ~ avoid jargon and use layman's terms when explaining complex or technical information;

### BRUCE Guide

A new guide that helps finance providers identify and support customers in vulnerable situations during the credit application process has been launched by the Finance & Leasing Association (FLA) and The UK Cards Association.

The Guide is aimed at credit lenders and intermediaries. It focuses on credit applications and how customers in vulnerable situation can be better identified and supported.

### What is the guide about?

- The guide aims to help firms better identify and support customers in vulnerable situations during credit applications.
- It provides lenders and intermediaries with a renewed focus, new insights and new tools for working with customers in vulnerable situations.
- This includes the "BRUCE" protocol for identifying and supporting customers with a decision-making limitation, as well as new practical recommendations for intermediate and online lending.

### BRUCE

- **Behaviour and talk** – staff should monitor a customer's behaviour and talk for indications of difficulties with:
- **Remembering** – is the customer exhibiting any problems with their memory or recall?
- **Understanding** – does the customer grasp/understand the information given to them?
- **Communicating** – can the customer share and communicate their thoughts, questions, decisions about what they want to do?
- **Evaluating** – can the customer weigh up the different options open to them?

The context for much of the guide is the Financial Conduct Authority's CONC.

### To read the full guide please follow the link below:

[http://www.theukcardsassociation.org.uk/wm\\_documents/vulnerability%20a%20guide%20for%20lending%20web%20-%2014th%20June%202017%29.pdf](http://www.theukcardsassociation.org.uk/wm_documents/vulnerability%20a%20guide%20for%20lending%20web%20-%2014th%20June%202017%29.pdf)

### BRUCE OVERVIEW:

#### BRUCE

#### Identify:

**What should you look out for?**

#### Support:

**How can you help?**

Behaviour and talk

Listen to what the customer is saying but also observe their behaviour for any clues/indicators of a possible decision making limitation

Allow the customer time to speak & don't feel the need to "jump in" at every pause

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<b>Remembering</b>	<p>Being clearly unable to retain the information/explanations provided</p> <p>Appears confused about the information you are seeking</p> <p>Appears unable to recall basic personal Information (fully or partially)</p> <p>Provides conflicting answers to questions</p> <p>Asks the same question repeatedly</p> <p>Appears to have no awareness of their own financial circumstances</p> <p>Has difficulty following instruction/ loses track of what needs to be done</p> <p>Abandons a task/activity before it has Been finished/completed</p>	<p>Repeat information for the customer</p> <p>Simplify or re-explain</p> <p>Ask how best to help the customer retain the information (if this is the problem)</p> <p>Ask if the customer would like the information in writing</p> <p>Ask if someone else can assist (family member, partner, 3<sup>rd</sup> party)</p>
<b>Understanding</b>	<p>Clearly not understanding what they are applying for - key risks</p> <p>Becomes upset when struggling to understand what they are applying for</p> <p>Appears confused about the information you are seeking</p>	<p>Ask the customer what they didn't understand</p> <p>Repeat/summarise what was said/presented</p> <p>Use as little jargon as possible</p> <p>Keep things simple &amp; concise</p> <p>Ask the customer to summarise what they did understand</p>
<b>Communicating</b>	<p>Customers who appear unable to communicate basic personal information</p> <p>Customers who are unable to communicate the borrowing decision by any reasonable means</p> <p>Customers who repeatedly answer just yes or no, they echo your last option</p>	<p>Identify the preferred method/channel</p> <p>Consider the involvement of a family member (3<sup>rd</sup> party)</p> <p>Accept different forms of communication</p> <p>Have a plan B</p> <p>Allow more time for the customer to communicate a decision</p>
<b>Evaluating</b>	<p>Customers who struggle to weigh up at various points of the process</p> <p>Customers who ask for your opinion rather than asking you to summarise</p>	<p>Discuss each option individually &amp; simply</p> <p>Ask the customer if someone supports them</p>

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the key options available  
Customers who keep changing their  
mind without giving reason

Offer to write the  
information in a letter  
Allow the customer a  
reasonable amount of time  
to consider the options

### **Objectives Statement**

The Director of our firm is committed to ensuring that the FCA principle of treating customers fairly (TCF) is applied in all areas of its day to day business activities.

In adopting the TCF principle our firm recognises that fair treatment of its customers is about adding value to the service the firm offers by aiming to:

- Protect the interests of its customers at each stage of the product life cycle, from promotion right through to after sales service.
- Meet as best it can the unique needs of each customer by offering a transparent, efficient and professional service, and constantly reviewing its service to identify areas for improvement.

### **In practical terms for the different areas of the business this means:**

- Ensuring that promotional material is clear, compliant, jargon free and appropriately targeted.
- Ensuring that sales staff (both on and off-site) have thorough training on all products they advise on or sell, understand who they are and aren't suitable for, and are encouraged to challenge where they spot inconsistencies, ambiguities or potential unfairness in the product literature or product features.
- Identifying the person and our firm at the outset and making clear the purpose of the communication in connection with the credit services.
- Ensuring we only approach consumers at an appropriate time of day.
- Operating sales remuneration systems which assure fairness to the customer as well as customer satisfaction, rather than only rewarding sales volumes.
- Finding ways to encourage non-sales staff to implement TCF in their day to day business activities.
- Keeping detailed records of customer instructions and profile/attitude to risk, and of the advice and options given before, during and after a sale – to help ensure we treat customers fairly and can deal with any complaints that may arise swiftly and fairly.
- Stating the services our firm offers in relation to the financial services.
- Encouraging after sales contact with clients where appropriate to correct or improve on the service already offered.
- Ensuring that customer complaints are assessed fairly, promptly and impartially, and in line with FCA deadlines and rules.
- Encouraging staff to recommend improvements to service following customer complaints – and monitoring the outcome.
- Ensuring that staff are kept up to date with relevant training in relation to competence, data protection and other matters directly affecting the quality of service offered to customers.
- Offering regular training in the principle of TCF at all levels of the business.
- Regularly monitoring and reporting on all of the above TCF activities as part of the company's monthly statistics/MI, in order to assess TCF performance across the business and recommend changes where appropriate.

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- Ensuring that TCF values, which are set and communicated by Senior Management, are supported by all staff and understood in the same way.

### **TCF Management Information (MI)**

The MI data the firm collects as part of its TCF procedure must be able to help the firm measure performance against:

- The firm's stated objectives in relation to TCF (above)
- Internal service standards that the firm has set that are relevant to TCF
- FCA rules/standards that aim to protect the interests of consumers

### **The data relevant for TCF that the firm has identified in our business includes:**

- Sales
- After Sales Service
- Complaints Handling
- Marketing, Advertising and Financial Promotion
- Culture and Values

### **TCF requires the firm to collect substantial amounts of new MI and the firm has created an MI Plan which documents:**

- Which TCF MI the firm is gathering, why and how
- How frequently the TCF MI (including summary reports) are produced and circulated, and by whom
- Who they are circulated to which includes senior management
- How issues raised by the MI will be prioritised, escalated and followed up

The firm has kept this at a level that fits within the size and type of business.

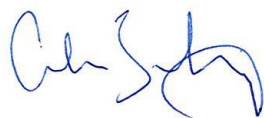
This document should be reviewed at least on an annual basis.

**Last Reviewed:** 13<sup>th</sup> November 2018

**Next Review Date:** 13<sup>th</sup> November 2019

Name: Austin Barclay

Position: Managing Director



Signature:



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### *Revision History*

<i>Version</i>	<i>Revision Date</i>	<i>Revised By</i>	<i>Section Revised</i>
1.0	0	DM	21/04/2015 Document Introduced
1.1	1 (3/9/2015)	DM	Amended para to state “only in extreme circumstances would we suspend dealings with a vulnerable customer.”
1.2	4 (25/9/2015)	DM	Redefined and extended definition of vulnerable customer. Added Mental Health Act information. Added dealing with VC and what to do.
1.3	5 (5/7/2017)	DM	Added a new BRUCE guide on pages 3, 4 & 5 that has been launched by the Finance Leasing Association (FLA) and The UK Cards Association that helps finance providers identify and support customers in vulnerable situations during the credit application process.
1.4	8 (13/11/2018)	DM	Reviewed the policy and added second paragraph to “Objectives” on page 1; revised “TCF Procedure” wording on page 1; added new section relating to Mental Health Issues (MHI) to pages 3 and 4 including our policy in relation to this area.



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*Document Control*

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