

Communicating with Vulnerable Customers

by

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Learning outcomes

By the end of session, participants will be able to:

- identify key skills necessary to communicate clearly and effectively with vulnerable customers.
- understand how vulnerable customers are likely to receive, understand and respond to communication.
- implement a strategy to ensure you stay on the right side of the laws and regulations when communicating with vulnerable customers.



Preface

“A vulnerable customer is someone who, due to their personal circumstances, is especially susceptible to harm, particularly when a firm is not acting with appropriate levels of care.”

FG 21/1

Guidance for firms on the fair treatment of vulnerable customers

February 2021

- The guidance “does not provide a checklist of required actions...Firms will need to use their judgement to decide precisely what the Guidance means for them.” (size, market, products, characteristics of its target market)
- Applies to retail customers (natural persons) but firms may want to take the Guidance into consideration when dealing with a representative of an incorporated business.



Health: health conditions or ability to carry out day-to-day tasks.

Life events: such as bereavement, job loss or relationship breakdown.

Resilience: low ability to withstand financial or emotional shocks.

Capability: low knowledge of financial matters or low confidence in managing money. Also includes literacy and digital skills.

See paragraph 2.9 in the Guidance for a list of examples.



- February 2020: 46% of UK adults (24.1 million people) had characteristics of vulnerability.
- October 2020: this had risen to 53%.
- Has another lockdown increased this even further?
- A majority of UK adults now fall within the category of “vulnerable”.
- Firms need to overhaul their communication strategies.



➤ Paragraph 4.67:

“If needs cannot be accommodated within standard communications, firms should provide different formats **where it is proportionate to do so**, particularly for key documents.”

➤ Communication channels should include:

- Telephone
- Email
- Branch
- Text
- Written
- Web-chat
- Video calls

Not every customer is “reasonable”

- The Consumer Insurance (Disclosure and Representations) Act 2012 (section 3 – reasonable care)
- Misrepresentations. How clear and specific were the questions that were asked of the consumer? How complex are the questions?
- The duty is that of the “reasonable” consumer but “particular characteristics” or “circumstances” of the “actual consumer” will be taken into account.
- FCA: “We expect firms to provide their customers with a level of care that is appropriate given the characteristics of the customers themselves.” para 1.6
- “... we have regard to the general principle that consumers should take responsibility for their choices and decisions.” para 1.4



Key areas of focus

- Frontline staff.
- Product development.
- Culture from senior leaders.
- Policies and processes must embed the fair treatment of vulnerable customers.
- The key is to apply some general principles around communication and ensure these are being utilised (and evidenced) but also ensure there is flexible service provision and communications (e.g. channels).



- Drivers of vulnerability
- Impact of vulnerability
- Effect on outcomes

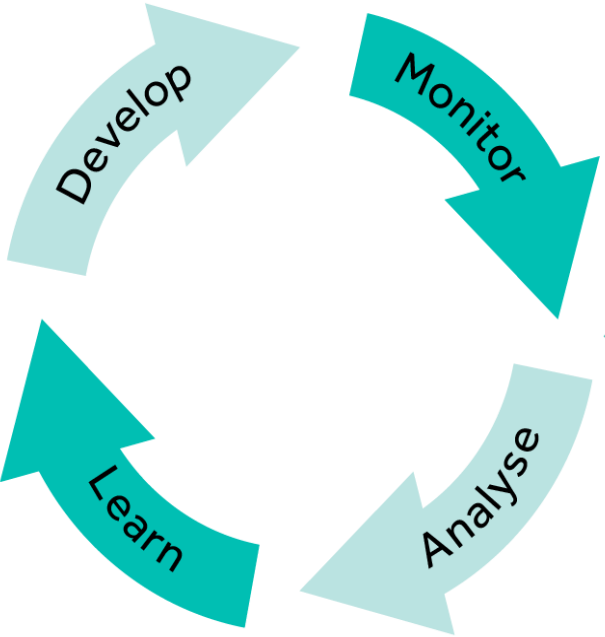
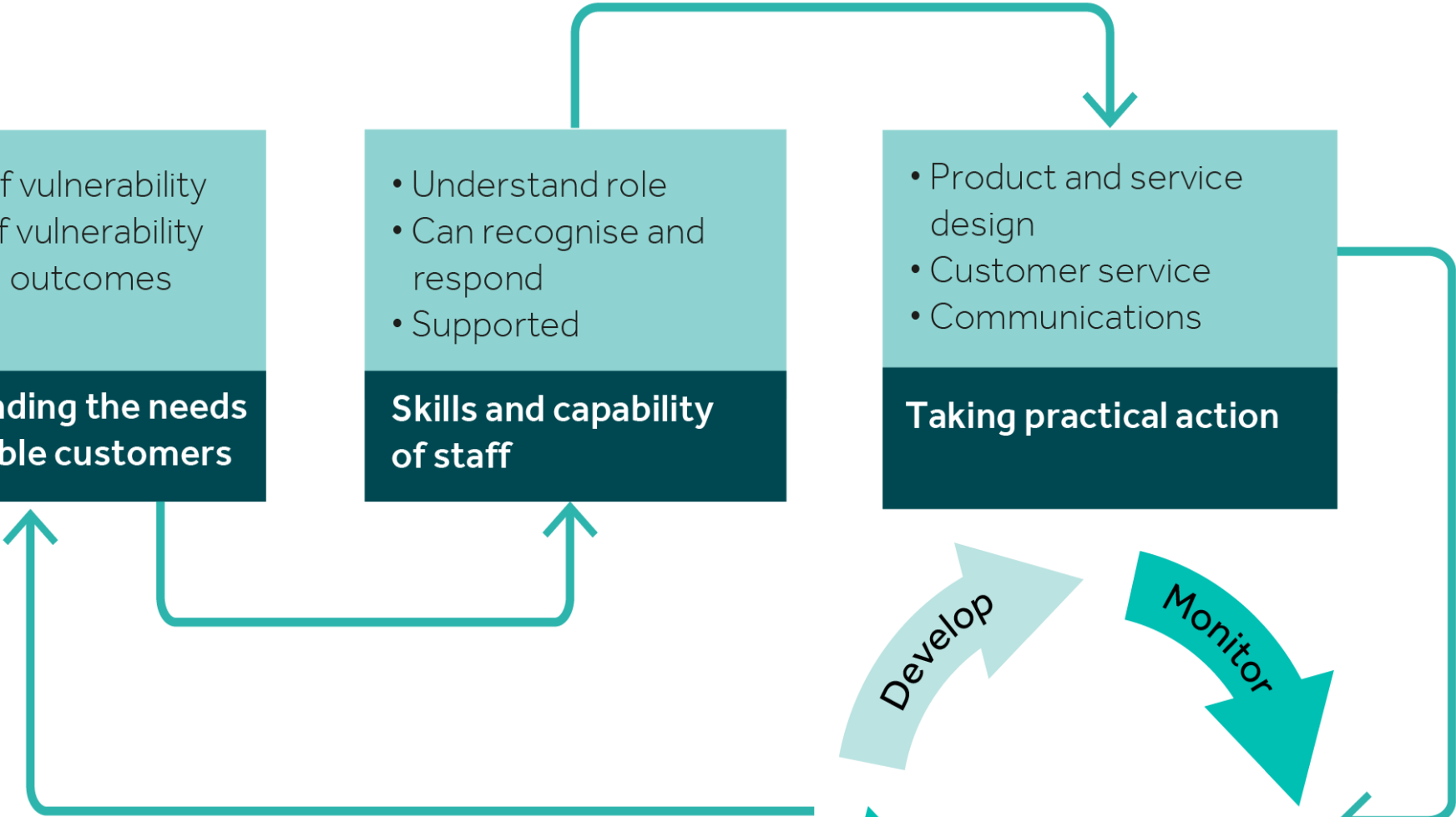
Understanding the needs of vulnerable customers

- Understand role
- Can recognise and respond
- Supported

Skills and capability of staff

- Product and service design
- Customer service
- Communications

Taking practical action



Critical areas for training/review

- Communication channels.
- Questioning skills to identify vulnerability.
- Listening skills and creating safety.
- The voice of possibility.
- Talking.
- Plain language.
- Paraphrasing.
- Concept checking.

Why these skills are important

- The Guidance states that the term “vulnerable” should not be used in communications with customers.
- The Guidance states that staff should be able to recognise indicators of vulnerability. It starts with questioning (in my view).
- The requirement is to pro-actively recognise and encourage disclosure but staff are not expected to go further.
- Staff should pro-actively ask in a sensitive way if the customer’s needs may be affected or offer a service that is available.
- Referral is then made to a specialist team.
- Notes must be made to avoid future harm.

Communication channels

- We must respect the customer's preferred communication channel.
- Regularly check with them and keep a note.
- Do they need access to a specialist team?
- Just over 30% of customers say that their insurer or financial services provider regularly respects their preferred communication channel.

Questioning skills

- Good questioning skills can be used to identify vulnerability.
- Use open questions: “tell me about ...”.
- Use probing questions: “I want to understand a bit more, can you give me some examples ...”
- Avoid leading questions: “presumably ...”
- The Guidance states that if the customer doesn't want to disclose information it may not be reasonable to continue asking questions.

Listening skills and creating safety

- The customer is not always right but must always be listened to.
- Discriminative listening: listen for emotion as well as the words.
- Creating a mutual purpose and empathy. Never say “but/however...”
- Control and labelling are typical examples of when safety is at risk:
 - “insurers are all the same, the service is awful, they write policies in gobbledygook to take money and never pay out.”
- Clearly safety is at risk but it is also a sign they lack facts so they resort to stereotyping. Try to get some examples. “Help me to understand why you think that way.”
- You may not be able to resolve the issue there and then but you should aim to progress the conversation. Always try to focus on the solution and not the problem.

Always use the voice of possibility

- What else is possible? The obstacle becomes the way.
- Never use:
 - the voice of power (that is how it is)
 - the voice of reason (I am only an employee)
 - the voice of avoidance (let's not discuss that now)
- The voice of possibility must always speak the loudest.
- If you really can't help, then signpost. Progress the discussion.
- *Why Are We Yelling?* by Buster Benson.

Talking

- What should be one of the most basic of all skills is the one that is so often neglected.
- You cannot assess the customer's true state through email and it is information impoverished.
- Use the phone or video conferencing or meet face-to-face as much as possible to ensure you can understand the customer's situation and use discriminative listening skills.
- Paragraph 4.72 references firms needing to ensure that frontline staff have sufficient time to talk with vulnerable customers.

Plain language

- The FCA made clear in the guidance that product design and asymmetry of information are critical factors.
- Is gobbledegook “intentional” or “unintentional harm”?
- The Guidance says that firms must take steps to reduce complexity of products.
- Keep sentences short and avoid surplus words.
- Avoid archaic words (herewith), couplets (unless and until) and jargon (condition precedent).
- Prefer personal pronouns.
- Use lists where appropriate (accessibility).
- Think about the hierarchy of information.
- Firms should test products: readability testing?

The illusion of communication

- You must paraphrase complicated information and apply it to the customer's specific circumstances.
- In other words, what this means is ...
- The way this applies to your situation is ...
- Concept check to ensure understanding.



A typical clause

The due observance and fulfilment of the terms so far as they relate to anything to be done or complied with by the Insured and the truth of the statements and answers in the Proposal **shall** be conditions precedent to any liability of the Company to make any payment under this policy.

Taken from 'Language on Trial' by the Plain English Campaign

A plain language alternative

We will only make a payment under this Policy if:

1. you have kept to the terms of the Policy; and
2. the statements and answers in your Proposal are true.

Taken from 'Language on Trial' by the Plain English Campaign



Concept checking

- A subtle test of understanding.
- Can you see how this might apply to your situation **and can you give me an example?** The highlighted part is critical.
- If you are working with intermediaries can you follow up with concept checking? Paragraph 4.25 in the Guidance states:

“Where products are sold through a broker or other intermediary, firms should ensure products are clearly explained and understood by the consumer, for example by following up directly with consumers.”

- Can you create an internal system for concept checking?

Summary

- Communication channels.
- Questioning skills to identify vulnerability.
- Listening skills and creating safety.
- The voice of possibility.
- Talking.
- Plain language.
- Paraphrasing.
- Concept checking.



Restatement of learning outcomes

During this session, we have:

- identified key skills necessary to communicate clearly and effectively with vulnerable customers.
- understood how vulnerable customers are likely to receive, understand and respond to communication.
- looked at how to implement a strategy to ensure you stay on the right side of the laws and regulations when communicating with vulnerable customers.



How

Why

?

Who

What

When

Where

