


- ▶ **I have trained more than 2,000 individuals to become ACII qualified**
  - ▶ I have trained over 50% of the individuals in the last 8 years that have gone onto achieve the highest ACII pass in the whole of the UK.
  - ▶ I train to a pass rate of more than 96% in all CII qualification levels. Certificate , Diploma and Advanced Diploma.
  - ▶ I deliver the Allianz scholarship and academy programmes in both the UK and Ireland and I have been a Cii examiner.
  - ▶ I have trained students who have won national prizes in almost all ACII subjects including Insurance Law (MO5), Liability (M96), Commercial Property and BI (M93), Personal Lines Insurance (P86), Business and Finance (M92), Underwriting Practice (M80), Advanced Underwriting (960), Claims Practice (M85), Advanced Claims (820), Marketing (945), Advanced Broking (930) and Advanced Risk Management (992).
- 

# Alan Chandler's Training Courses Technical Training Courses

- ▶ These can be run for a day, half day or a lunchtime presentation and the content tailored to meet your needs.
- ▶
- ▶ D&O in a plain English nutshell
- ▶ GDPR/Data Protection
- ▶ Insurance Distribution Directive
- ▶ Vulnerable Customers
- ▶ Ogden update
- ▶ The perfect storm – Understanding how solvency margins and Ogden are changing your insurance market place
- ▶ How broker E&O claims are increasing and how these can be mitigated
- ▶ The missed opportunity – how UK employments trends are changing yet the financial services sector is lagging behind
- ▶ Bi in plain English
- ▶
- ▶ Financial awareness for account executives and handlers
- ▶ Leadership in insurance
- ▶ Commercial property insurance
- ▶ Business interruption insurance
- ▶ Construction insurance
- ▶ Liability insurance (EL, PL and Products)
- ▶ Professional Indemnity insurance
- ▶ Motor Trade insurance
- ▶ Directors and officers insurance
- ▶ Motor Fleet insurance
- ▶ Engineering insurance
- ▶ Package insurance
- ▶ Legal Principles of insurance
- ▶ Household insurance
- ▶ Private Motor insurance
- ▶ How liability can arise under the law of tort
- ▶ Examination Techniques workshop
- ▶ Builders Performance Bonds (1/1/19 our course)

# Training courses for Cii Examinations

## At Certificate Level

- ▶
- ▶ IF1 Insurance legal and regulatory
- ▶ IF2 General insurance products
- ▶ IF3 Insurance underwriting process
- ▶ IF4 Insurance claims handling process
- ▶ IF5 Motor insurance products
- ▶ IF6 Household insurance products
- ▶ IF8 Packaged commercial insurances

▶

## At Diploma Level

- ▶
- ▶ MO5 Insurance Law
- ▶ M92 Insurance Business and Finance
- ▶ M93 Commercial property and business interruption insurance
- ▶ M96 Liability insurances
- ▶ M80 Underwriting practice
- ▶ M85 Claims practice
- ▶ M86 Personal Lines insurance

▶

## At Advanced Diploma Level (ACII)

▶

- ▶ 530 Economics and business
- ▶ 820 Advanced claims
- ▶ 930 Advanced broking
- ▶ 945 Marketing insurance products and services
- ▶ 960 Advanced underwriting
- ▶ 992 Advanced risk management

▶

▶ Basically I can set up an entire training programme to take people from nothing to fully ACII qualified

# Objectives

- ▶ Understand the background
- ▶ Describe what a vulnerable customer is
- ▶ Explain and give examples of ways to recognise vulnerable customers
- ▶ Give examples of good practice
- ▶ Explain benefits of doing it well and consequences of not!




# Background


- ▶ FCA research in 2015 and 2016 and a thematic review found vulnerable customers are not always treated fairly
- ▶ Consumer Vulnerability was a recurring theme in the FCA's 2017 business plan
- ▶ Andrew Bailey (CEO of the FCA) has repeatedly expressed his personal concern



# Background

- ▶ There are numerous examples where vulnerable customers have suffered – probably too many to mention.
  - ▶ They range from PPI sold to people looking for a loan, to pay day loan companies offering 5000% APR, to firms selling products that played on people's worries (identity theft protection).
  - ▶ The Citizens advice bureau has launched a super complaint over the fact they estimate loyal customers are paying a loyalty penalty of £4.1 billion per year (this includes power supply as well as insurance).
- 

# FCA stated in April 2019

- ▶ Customers are being routinely let down by firms that
  - ▶ Lure customers into buying inappropriate products
  - ▶ Paying excessive prices for insurance products that offer little value
  - ▶ Receiving poor service
  
  - ▶ Products particularly in the firing line are Travel, tradesmen, GAP and mobile covers
  - ▶ A Dear CEO letter was sent out as a result of their findings
- 

# Background

- ▶ ***Many vulnerable customers feel that financial services have become so streamlined and one-size-fits all, designed around a mythical perfect customer, that they cannot meet the needs of the of the many “non-standard” consumers who do not fit this mould***

FCA Occasional paper 8  
Customer Vulnerability  
Feb 2015





# Vulnerable Customers



## What are Vulnerable Customers?

**The Definition**

**Different Types of Vulnerability**

**The Size of the Problem**

# The Definition

The Financial Conduct Authority (FCA) define Vulnerable Customers as:

*“Someone who, due to their personal circumstances, is especially susceptible to detriment, particularly when a firm is not acting with appropriate levels of care”*



# The Definition

- ▶ The FCA has increased its concerns with Vulnerable Customers since taking on the responsibilities of regulating Consumer Credit
- ▶ Customers in this area were found to have been targeted by firms due to vulnerability in their personal circumstances – for example payday loans



# Different Types of Vulnerability

These personal circumstances could fall under any of the following categories:

- ▶ Physical
- ▶ Mental
- ▶ Emotional
- ▶ Cultural
- ▶ Age



# Different Types of Vulnerability

## Physical

- ▶ For example poor eyesight may mean a Customer can't read the small print
- ▶ Impaired hearing may mean they miss important messages



# Different Types of Vulnerability

## Mental

- ▶ For example mild dementia or poor memory may lead to confusion or mistakes
- ▶ Learning difficulties may make it difficult for customers to understand complex matters



# Different Types of Vulnerability



## Mental

- ▶ Issues with Mental Health are much more common than people realise
- ▶ They may not be noticeable and they are not always something a Customer may be willing to talk about

# Different Types of Vulnerability

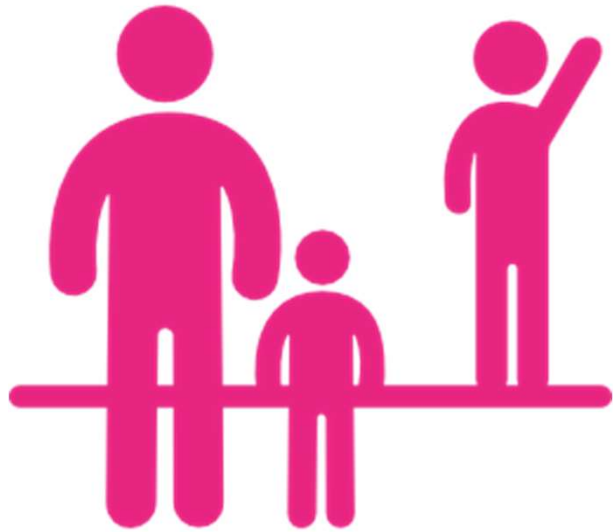
## Emotional

- ▶ For example they may have suffered a recent serious upset or bereavement
- ▶ They may be suffering extreme stress or worry in their personal life





# Different Types of Vulnerability



## Emotional

- ▶ Personal Circumstances may be particularly difficult, for example relationship problems

# Different Types of Vulnerability


## Cultural

- ▶ For example recent immigrants may lack understanding of their rights or obligations or technical terms
- ▶ Poor communication skills – for example they may need someone to act as a translator



# Different Types of Vulnerability

## Age

- ▶ Young people may have a poor appreciation of risk, or lack experience in what cover they need
  - ▶ Older Customers may have misplaced loyalty, be too trusting or have greater respect for authority
  - ▶ Older Customers may lack computer skills or internet access
  - ▶ The impact of fraud on them may be greater than other groups
- 

## The Size of the Problem

- ▶ **We can all become vulnerable!**




# Important to note


- ▶ Vulnerability may not be constant, it can be temporary
- ▶
- ▶ It can depend hugely on circumstances




# For example:

- ▶ Have you ever felt stressed?
  - ▶ Have you ever felt like you were talking to a brick wall when trying to talk to someone about a financial or insurance product?
  - ▶ Have you ever felt like you were being passed from pillar to post or been tied up in a telephone loop system?
  - ▶ Have you ever tried to speak to a human being to explain something to them but were unable to as they only offered online support?
- 

# The Size of the Problem

- ▶ 850,000 people in the UK have some form of dementia
  - ▶ 1 in 6 people over age of 80 have dementia
  - ▶ This is set to rise to over 1 million by 2025 and 2 million by 2051
  - ▶ Just under half of UK adults have a level of numeracy of an 11 year old or below
  - ▶ 1 in 7 adults have a reading age of an 11 year old
  - ▶ 5 million people in the UK suffer from a disability
  - ▶ In England and Wales 138,000 reported they could not speak English at all
- 

# The Size of the Problem

- ▶ Half the adults in the UK do not have enough savings to meet an unexpected bill of £300
  - ▶ Every year 1 in 4 adults experience some sort of mental disorder
  - ▶ Almost 9 million people are deaf or hard of hearing
  - ▶ 20% of the adult population (11m) have a criminal record (30% of all men and 9% of all women) – most are one time offenders. Of these 735,000 are unspent – are insurers/brokers systems good enough here!
- 



# Vulnerable Customers



## How to Recognise them

How to Recognise the different types of  
Vulnerable Customers

# How to Recognise them

## Physical

- ▶ It is against the law to discriminate against someone on the ground of disability
- ▶ It is always wise to ask, even if not required by the application
- ▶ If a customer asks you to speak up it may indicate a hearing disability



# How to Recognise them


## Physical

- ▶ As it may be difficult to know about poor eyesight, documents must avoid putting important information in “small print”
- ▶ Documents should also be available on request in large print, if possible



# How to Recognise them

## Mental

- ▶ It is against the law to discriminate against someone on the ground of disability
  - ▶ A Customer may appear confused, or they may ask you to speak slowly
  - ▶ You should always check their understanding about important points
- 

# How to Recognise them

## Emotional

- ▶ The tone of voice will often indicate if the Customer is stressed or anxious or sad
- ▶ If they slur their words they may be under the influence of drink or drugs



# How to Recognise them


## Cultural

- ▶ It is against the law to discriminate against someone on the ground of Race or religion
- ▶ Lack of fluency in English or asking lot of unusual questions may indicate they are new to the country



# How to Recognise them

## Age

- ▶ It is may be against the law to discriminate against someone on the ground of age
  - ▶ For credit, it is a criminal offence to send material to anyone under 18 years of age offering credit
  - ▶ Credit may be available under that age but an adult must act as guarantor
- 


# Vulnerable Customers



Treating them fairly



# Treating them fairly

- ▶ All firms that are regulated by the FCA must have Management Information that demonstrates they treat their Customers fairly
  - ▶ This means each Customer must be treated individually
  - ▶ Reasonable allowances must be made for Vulnerable Customers
  - ▶ You must never take advantage of their lack of knowledge, mental or emotional state
- 

# Treating them fairly


## Physical

- ▶ You are obliged by law to make “*reasonable adjustments*” when dealing with disability
- ▶ It is always wise to ask, even if not required by the application




# Treating them fairly

## Physical

- ▶ You should speak slowly and clearly where a customer indicates a lack of understanding or says they can't hear
  - ▶ Key points of the contract should always be given verbally as well as in writing
- 


# Treating them fairly

## Mental

- ▶ Contracts may not be valid if the Customer lacks mental capacity
  - ▶ If they appear confused you should speak simply and slowly
  - ▶ You should periodically check they understand
  - ▶ You should show tact and empathy
- 


# Treating them fairly

## Emotional

- ▶ Tact and empathy are needed when a customer is upset
  - ▶ If they are unduly disturbed, you should offer to postpone the discussion
  - ▶ People under emotional pressure may not act rationally
- 


# Treating them fairly

## Cultural


- ▶ Where the Customer has a poor command of English, you should speak slowly and simply
  - ▶ You should “*go the extra mile*” when explaining important points
  - ▶ You should check understanding frequently
- 

# Treating them fairly

## Age


- ▶ When dealing with young people do not assume they understand common terms (Indemnity, Excess, Disclosure)
  - ▶ Explain percentages and APR when arranging Credit
  - ▶ When dealing with the elderly, treat them as if they were your mother or father – i.e. with care and respect
- 

# Indicators

- ▶ Phrases such as
  - ▶ I can't pay, I cant afford...
  - ▶ I'm having trouble with
  - ▶ I cant read my bill
  - ▶ I cant understand the letter you sent me
  - ▶ I cant hold on all day
  - ▶ I am short of time
  - ▶ Asking for repetition
  - ▶ Mention of medication
  - ▶ Customer confused
  - ▶ Payment default
- 



## Benefits of doing it well

- ▶ Good for customer
  - ▶ Good for firm – e.g. reputation, saving time, reduce possible complaints
  - ▶ Customer Loyalty
  - ▶ Don't fall foul of legal requirements
  - ▶ Moral and ethical reasons and is good business practice
- 

# What should firms do

- ▶ Have clear plans and strategy for dealing with Vulnerable customers
- ▶ Provide training and support to staff to recognise and deal with vulnerable customers or sign post to specialist team
- ▶ Review customer communications
- ▶ Make sure you record customer needs
- ▶ Scripts can be a barrier – rushed “one-size-first all approach”
- ▶ The firm should have good management information to be able to report on how its doing and should be able to articulate what steps they have/are taking



If you want further help on Vulnerable customers call

# Create Solutions Ltd

The specialist training and compliance company for the  
general insurance industry

Tel 0161 870 6637

[www.createsolutions.co.uk](http://www.createsolutions.co.uk)

